

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT
OF

NORTH CENTRAL PARKE COMMUNITY
SCHOOL CORPORATION
PARKE COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

03/04/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vonessia Harmon	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Thomas W. Rohr Michael Schimpf	07-01-18 to 06-30-19 07-01-19 to 06-30-21
President of the School Board	P. Scott Ramsay	07-01-18 to 06-30-21



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE NORTH CENTRAL PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the North Central Parke Community School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 23, 2021, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 23, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Central Parke Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on School Breakfast Program and National School Lunch Program

As described in item 2020-001 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with the requirement regarding Verification of Free and Reduced Price Lunch Applications that is applicable to its School Breakfast Program and National School Lunch Program. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Qualified Opinion on School Breakfast Program and National School Lunch Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on School Breakfast Program and National School Lunch Program* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the School Breakfast Program and National School Lunch Program for the period of July 1, 2018 to June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2018 to June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated February 23, 2021, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

February 23, 2021

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Discretionary Grants Limited Availability Child Nutritional Discretionary Grant	Indiana Department of Education	10.579	FY 2018-19	\$ -	\$ 15,924	\$ -	\$ -
Total - Child Nutrition Discretionary Grants Limited Availability				-	15,924	-	-
<u>Child Nutrition Cluster</u>							
School Breakfast Program	Indiana Department of Education	10.553	FY 2018-19	-	75,243	-	-
School Breakfast Program			FY 2019-20	-	-	-	53,847
School Breakfast Program				-	-	-	53,847
COVID-19 School Breakfast Program COVID-19 School Breakfast Program			FY 2019-20	-	-	-	4,619
Total - School Breakfast Program				-	75,243	-	58,466
<u>National School Lunch Program</u>							
National School Lunch Program	Indiana Department of Education	10.555	FY 2018-19	-	251,157	-	-
National School Lunch Program Commodities			FY 2018-19	-	44,361	-	-
National School Lunch Program Commodities			FY 2019-20	-	-	-	166,741
National School Lunch Program Commodities			FY 2019-20	-	-	-	304,481
Sub-Total - National School Lunch Program				-	295,518	-	471,222
COVID-19 National School Lunch Program COVID-19 National School Lunch Program			FY 2019-20	-	-	-	14,104
Total - National School Lunch Program				-	295,518	-	485,326
<u>COVID-19 Summer Food Service Program for Children</u>							
COVID-19 Summer Food Service Program COVID-19 Summer Food Service Program	Indiana Department of Education	10.559	FY 2019-20	-	-	-	33,357
Total - Child Nutrition Cluster				-	370,761	-	577,149
Total - Department of Agriculture				-	386,685	-	577,149
<u>Department of Education</u>							
<u>Special Education Cluster (IDEA)</u>							
<u>Special Education Grants to States</u>							
Part B Section 611 Special Education FY17	Indiana Department of Education	84.027	14217-111-PN01	-	26,783	-	-
Part B Section 611 Special Education FY18		84.027	18611-111-PN01	-	247,394	-	327
Part B Section 611 Special Education FY19		84.027	19611-111-PN01	-	157,897	-	192,462
Part B Section 611 Special Education FY20		84.027	20611-111-PN01	-	-	-	158,976
Total - Special Education Grants to State				-	432,074	-	351,765

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Special Education Preschool Grants	Indiana Department of Education						
Part B Preschool Section 619 FY17		84.173	45717-111-PN01	-	1,228	-	-
Part B Preschool Section 619 FY18		84.173	18619-111-PN01	-	2,645	-	-
Part B Preschool 619 FY19		84.173	19619-111-PN01	-	16,369	-	-
Part B Preschool 619 FY20		84.173	19620-111-PN01	-	-	-	16,552
Total - Special Education Preschool Grants				-	20,242	-	16,552
Total - Special Education Cluster (IDEA)				-	452,316	-	368,317
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Basic Part A FY18			18-6375	-	85,828	-	120,908
Title I Part A Basic Grant			19-6375	-	222,183	-	269,469
Total - Title I Grants to Local Educational Agencies				-	308,011	-	390,377
Rural Education	Indiana Department of Education	84.358					
Rural & Low Income Schools Grant Title IV Part B Subpart 2			FY2016	-	1,008	-	-
Rural & Low Income Schools Grant Title IV Part B Subpart 2			FY2018	-	3,600	-	17,059
Rural & Low Income Schools Grant Title IV Part B Subpart 2			FY2019	-	-	-	856
Rural & Low Income Schools Grant Title IV Part B Subpart 2			FY2017	-	4,450	-	2,968
Total - Rural Education				-	9,058	-	20,883
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA Improving Teacher Quality FY16			16-6375	-	2,799	-	-
Title II Part A Improving Teacher Quality FY17			17-6375	-	17,742	-	-
Title IIA Improving Teacher Quality FY18			18-6375	-	38,381	-	19,854
Title II Part A Improving Teacher Quality FY19			19-6375	-	-	-	36,715
Total - Supporting Effective Instruction State Grants				-	58,922	-	56,569
Student Support and Academic Enrichment Program	Indiana Department of Education						
Title IV Student Support & Academic Enrichment		84.424	2018-424-209	-	1,577	-	13,707
Title IV Student Support & Academic Enrichment		84.424	2019-424-209	-	-	-	11,274
Total - Student Support and Academic Enrichment Program				-	1,577	-	24,981
Total - Department of Education				-	829,884	-	861,127
Total federal awards expended				\$ -	\$ 1,216,569	\$ -	\$ 1,438,276

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2019 and 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Name of Federal Program or Cluster	Opinion Issued
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2019-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The Food Service Director was responsible for verification of free and reduced price applications in fiscal year 2019-2020. A second review was made by the cafeteria manager as indicated on the applications selected for verification; however, the changes in eligibility status resulting from the verification process were not made in the student software system. This caused ineligible students to receive program benefits.

The lack of internal controls and noncompliance were isolated to the fiscal year 2019-2020.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6a(f)(7) states:

"*Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management establish a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2020-002

Subject: Special Education Grants to States - Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 18611-111-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not meet the earmarking requirement for the 18611-111-PN01 grant award. Based on the documentation provided for non-public school expenditures, the School Corporation expended \$2,699 less than the required amount for the fiscal year 2018 grant application. A separate account line was maintained in the ledger to specifically identify services for non-public schools, but the School Corporation did not expend the required amount.

The lack of internal controls and noncompliance were isolated to the 18611-111-PN01 grant.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed. . . ."

2 CFR 200.328(a) states in part:

"Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management establish a system of internal controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

North Central Parke Community School Corporation

602 Howard Avenue Rockville, IN 47872
Phone (765) 569-4190 - Fax (765) 569-4199
Superintendent Michael Schimpf



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018- 001

Fiscal year in which the finding initially occurred: FY 2016

Status of Audit Finding:

Our previous Food Service Director, Janet Lindley, was completing the verifications of eligibility for Free & Reduced applications and obtaining a second signature upon review by the Cafeteria Site Manager. Janet, however, failed to also provide her own signature; thinking that the computer print out with her log-in name and time stamp was sufficient.

Effective immediately, all free and reduced verifications are completed and signed by the Food Service Director, and reviewed and signed by a Cafeteria Site Manager. (2 physical signatures required).

Dated January 27, 2021

Vonessia Harmon, Business Manager

North Central Parke Community School Corporation

602 Howard Avenue Rockville, IN 47872
Phone (765) 569-4190 - Fax (765) 569-4199
Superintendent Michael Schimpf



CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Tammy Breedlove, Food Service Director
Contact Phone Number: 765-569-4181

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Effective immediately, the NCP Business Manager has created a Free and Reduced Verification Process Checklist. The Food Service Director is responsible for completing every step of the Free and Reduced Verification checklist. A sample of this checklist is available upon request.

Once the Food Service Director has completed the checklist and has all hard-copy documentation in the Verification Folder, the Food Service Director will sign off on the checklist and give the entire folder to the Business Manager for review.

The Business Manager will ensure all steps were completed, that documentation is in the folder for audit purposes, and that the eligibility status in the student software system has been updated. To verify completion of this process, the Business Manager will sign off on the Free and Reduced Verification Checklist. The checklist and all documentation will be retained for audit purposes.

Anticipated Completion Date: Effective immediately; with verification of 20/21 School Year Applications.

FINDING 2020-002

Contact Person Responsible for Corrective Action: Vonessia Harmon, Business Manager
Contact Phone Number: 765-569-4195

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

FY2018 Non-public proportionate share funds of \$2,699 were not expended due to the lack of need for non-public technology equipment. The Business Manager was unaware that a waiver process must be completed if funds were not utilized.

Effective from FY2019 grant year, the Business Manager is now aware that a waiver process must be completed if funds are not utilized. In July of every grant year, the Business Manager will review the non-public allocation balance and correspond with the Superintendent on any unspent non-public funds remaining. If the funds cannot be used for non-public student needs, the Business Manager and Superintendent will complete the waiver process. Once the waiver is completed, a grant amendment will be requested to utilize the unspent funds for other Special Education needs. Signatures on the waiver process and grant amendment process will provide audit evidence these steps are being completed.

Anticipated Completion Date: Effective immediately with the FY2019 grant year.

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.