

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

TIPPECANOE SCHOOL CORPORATION

TIPPECANOE COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

05/12/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/CFO	Amanda Brackett	01-01-18 to 12-31-21
Superintendent of Schools	Dr. Scott Hanback	07-01-18 to 06-30-21
President of the School Board	Linda Day Randy Bond Dr. Patrick Hein	01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-21



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 TIPPECANOE SCHOOL
CORPORATION, TIPPECANOE 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 Tippecanoe 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 10, 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

Tippecanoe School Corporation's Response to Findings

The School Corporation's response to the 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 the financial statement, and, accordingly, we express no opinion on it.

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 10, 2021, except for the Schedule of Expenditures
of Federal Awards, for which the date is May 4, 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 TIPPECANOE SCHOOL CORPORATION, TIPPECANOE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Tippecanoe 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.

Opinion on Each Major Federal Program

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 major federal programs for the period of July 1, 2018 to June 30, 2020.

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)

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.

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 item 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.

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)

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 10, 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
Paul D. Joyce, CPA
State Examiner

May 4, 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.

TIPPECANOE 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Food Service Breakfast			FY2019	\$ -	\$ 533,492	\$ -	\$ -
Food Service Breakfast			FY2020	-	-	-	396,381
COVID19 - School Breakfast Program	Indiana Department of Education	10.553					
Food Service Breakfast			FY2020	-	-	-	34,481
Total - School Breakfast Program				-	533,492	-	430,862
National School Lunch Program							
Food Service Lunch Program	Indiana Department of Education	10.555					
Food Service Lunch Program			FY2019	-	2,475,560	-	-
Commodities			FY2020	-	-	-	1,799,230
			Commodities	-	530,018	-	415,194
Subtotal - National School Lunch Program				-	3,005,578	-	2,214,424
COVID19 - National School Lunch Program	Indiana Department of Education	10.555					
Food Service Lunch Program			FY2020	-	-	-	233,075
Total - National School Lunch Program				-	3,005,578	-	2,447,499
Total - Child Nutrition Cluster				-	3,539,070	-	2,878,361
Total - Department of Agriculture				-	3,539,070	-	2,878,361
Department of Energy							
State Energy Program							
State Energy Program	Indiana Office of Energy Development	81.041	266-SEP-ADM-18X	-	38,680	-	45,866
Total - Department of Energy				-	38,680	-	45,866
Department of Education							
Special Education Cluster (IDEA)							
Special Education - Grants to States							
Special Education Basic Grant FY 17	Indiana Department of Education	84.027	14217-021-PN01	-	14,897	-	-
Special Education Basic Grant FY 18			18611-021-PN-01	-	690,663	-	20,336
Special Education Basic Grant FY 19			19611-021-PN01	-	1,983,218	-	702,119
Special Education Basic Grant FY 19			20611-021-PN01	-	-	-	1,955,110
Total - Special Education - Grants to States				-	2,688,778	-	2,677,565
Special Education_Preschool Grants							
Special Education Preschool Grant FY 18	Indiana Department of Education	84.173	18619-021-PN01	-	18,219	-	-
Special Ed Preschool Grant FY 19			19619-021-PN01	-	71,731	-	22,815
Special Ed Preschool Grant FY 19			18-7865	-	-	-	74,248
Total - Special Education_Preschool Grants				-	89,950	-	97,063
Total - Special Education Cluster (IDEA)				-	2,778,728	-	2,774,628

TIPPECANOE 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grant FY 18 - 4140.18			S010A170014	-	639,879	-	-
Title I Grant FY 19 - 4140.19			S010A180014	-	744,499	-	736,198
Title I Grant FY 20 - 4140.20			S010A190014	-	-	-	1,156,480
Total - Title I Grants to Local Educational Agencies				-	1,384,378	-	1,892,678
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
Perkins Grant FY 18 - 6205.18			18-4700-19	-	280,335	-	-
Perkins Grant FY 19 - 6205-19			19-4700-7865	-	32,159	-	428,995
CTE Summer Expansion Grant Perkins - FY 19 - 6206.19			19A-4700-7865	-	-	-	15,428
Subtotal - Career and Technical Education - Basic Grants to States				-	312,494	-	444,423
Career and Technical Education - Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048					
Perkins Grant FY 20 - 6205.20			20-0512-7865	-	-	-	164,177
Total - Career and Technical Education - Basic Grants to States				-	312,494	-	608,600
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III FY 2017 - 6880.17			01117-087-PN01	-	26,411	-	-
Title III FY 2018 - 6880.18			01118-086-PN01	-	93,989	-	22,609
Title III FY 19 - 6880.19			S365A180014	-	-	-	77,249
Total - English Language Acquisition State Grants				-	120,400	-	99,858
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II FFY 16 - 6840.17			FFY 2016	-	66,832	-	-
Title II FY 17-19 - 6840.18			FFY 2017	-	204,112	-	-
Title II FY 17-19 - 6840.18			S367A170013	-	-	-	99,512
Title II FY 18-20 - 6840.19			S367A170013	-	-	-	142,427
Total - Supporting Effective Instruction State Grants (formally Improving Teacher Quality State Grants)				-	270,944	-	241,939
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV - FY 19 - 5800.19			S424A180015	-	16,038	-	-
Title IV - FY 19 - 5800.19			S424A180015	-	-	-	81,513
Total - Student Support and Academic Enrichment Program				-	16,038	-	81,513
Total - Department of Education				-	4,882,982	-	5,699,216
Total federal awards expended				\$ -	\$ 8,460,732	\$ -	\$ 8,623,443

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

TIPPECANOE 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.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

TIPPECANOE 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.048	Career and Technical Education - Basic Grants to States	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

FINDING 2020-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

TIPPECANOE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. Special Education Grants to States expenditures were understated by \$1,955,110.
2. The State Energy Program was omitted, which understated expenditures by \$84,546.
3. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$146,171, in total.
4. Other errors included incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.62 states in part:

"*Internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements . . ."

TIPPECANOE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operates effectively, material misstatements of the SEFA remained undetected. The SEFA included the errors identified in the *Condition and Context*.

TIPPECANOE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-002

Subject: Child Nutrition Cluster - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID19 - School Breakfast Program, National School Lunch Program, COVID19 - National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2019, FY2020
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
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 the suspension and debarment requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation failed to verify that vendors were not suspended or debarred from participation in federal programs for 11 of the 14 vendors tested. The School Corporation did not search the Excluded Parties List Systems through the System of Award Manager Center, obtain a certification from the entity, or ensure that a clause or condition was added to the contract.

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 award 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 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

TIPPECANOE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment 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 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 the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



Tippecanoe School Corporation
21 Elston Road
Lafayette, Indiana 47909-2899

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SECTION II FINDINGS

FINDING 2018-001

Fiscal year in which finding initially occurred: 2016-2017, 2017-2018

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lori Shofroth-Cords

Contact Phone Number: 765-474-2481 ext. 8434

Tippecanoe School Corporation has a process in place to track the inventory of all district owned assets as well as tag those items purchased with federal dollars. Due to the timing of the prior audit results (2014-2016), the entire inventory was not completed before 2016-2018 audit period commenced. At this time a full inventory of all equipment has been completed and an annual certification reviewed and signed at the end of each school year. Our corrective action plan included the following items.

1. A full inventory of all nutrition services equipment was conducted using a third party asset appraisal service vendor.
2. A listing of locations of all equipment has been logged and maintained as equipment is moved and turned over.
3. Any equipment that has been disposed of has been updated on the inventory listing to show the disposition dates as well as the amount of money received, if any, for the asset.
4. Annual physical reviews have taken place by staff members to ensure that the inventory listing is accurate.
5. The Director of Nutrition Services has certified to the Chief Financial Officer annually the inventory listing that includes the item, date of acquisition, building location and room number, description of asset, initial cost of asset, transfer of equipment from location to location, disposition date and amount sold, if applicable.

These items were completed before June 1, 2019.

Lori Shofroth-Cords, Director of Nutrition Services
December 1, 2020



Tippecanoe School Corporation
21 Elston Road
Lafayette, Indiana 47909-2899

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which finding initially occurred: 2016-2017, 2017-2018

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lori Shofroth-Cords

Contact Phone Number: 765-474-2481 ext. 8434

Tippecanoe School Corporation has a process in place to obtain responses to both bids and request for proposals. Due to the volatility of the fresh fruit and vegetable market, it has been difficult to obtain responses for RFPs guaranteeing a price for an entire year. In order to meet the purchasing guidelines as outlined by both the federal and state governments we have implemented the following corrective action plan. Our corrective action plan included the following items.

1. Continuing education on procurement requirements for staff members was completed. Staff members attended a day long seminar hosted by the Indiana Department of Education as well as additional training on federal procurement practices by both the Indiana Association of School Business Officials as well as 8 hours of training conducted by an attorney that specializes in federal procurement laws.
2. For purchases that totaled in excess of \$150,000 annually, the Director of Nutrition Services completed the RFP process for each purchase.
3. When a response was not received through the RFP process, documentation of no responses was kept and logged.
4. A second RFP was completed, if necessary due to no responses.

These items were completed before June 1, 2019.

Lori Shofroth-Cords, Director of Nutrition Services
December 1, 2020



Tippecanoe School Corporation
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which finding initially occurred: 2016-2017, 2017-2018
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Lori Shofroth-Cords
Contact Phone Number: 765-474-2481 ext. 8434

Tippecanoe School Corporation has a process in place to obtain responses to both bids and request for proposals. Due to the volatility of the fresh fruit and vegetable market, it has been difficult to obtain responses for RFPs guaranteeing a price for an entire year. In order to meet the purchasing guidelines as outlined by both the federal and state governments we have implemented the following corrective action plan. Our corrective action plan included the following items.

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4. A second RFP was completed, if necessary due to no responses.

These items were completed before June 1, 2019.

Lori Shofroth-Cords, Director of Nutrition Services
December 1, 2020



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CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Amanda M. Brackett, Chief Financial Officer
Contact Phone Number: (765) 269-8218

Views of Responsible Official: We agree with the findings identified.

Description of Corrective Action Plan:

In order to mitigate future findings regarding the Schedule of Federal Awards preparation, Tippecanoe School Corporation's corrective action plan will include the following measures.

1. Two staff members in the Business Office have been identified and will complete the annual SEFA. One person will prepare the SEFA, the second person will review the entries, and the Chief Financial Officer will review and submit the final SEFA into the Gateway system.
2. These identified personnel in the Business Office will be trained to understand what is required in the SEFA and which reports from our financial accounting system the data is to be retrieved. Training will include both internal (reviewing reports) as well as external (State Board of Accounts) to know what is needed and expected for the SEFA.
3. All backup documentation to support the SEFA entries will be kept in a file for review, if needed.
4. CFDA numbers and program names will be reviewed against both beta.sam.gov and the IDOE award letter.
5. Special Education Cooperative Programming for federal grants will be requested from the Cooperative LEA and will be reviewed on an ongoing basis to ensure accuracy of provided fiscal information for the annual SEFA.
6. IDOE Commodities will be submitted and reviewed from the totals that appear in the IDOE Child Nutrition website. Supporting documentation will be kept.
7. Signatures of the preparer, reviewer, and submitter will be kept with the backup documentation.

The changes proposed will prevent future issues with the SEFA from occurring by allowing multiple reviews of the documents before being submitted. The Chief Financial Officer will monitor the progress of the Corrective Action Plan to ensure that we fulfill our requirements of the CAP.

Anticipated Completion Date: July 31, 2021 – We will make these corrections effective with the submission of the 2020-2021 SEFA.



Tippecanoe School Corporation
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Lafayette, Indiana 47909-2899

FINDING 2020-002

Contact Person Responsible for Corrective Action: Amanda M. Brackett, Chief Financial Officer
Contact Phone Number: (765) 269-8218

Views of Responsible Official: We agree with the findings identified.

Description of Corrective Action Plan:

In order to mitigate future findings regarding procurement within our school district, Tippecanoe School Corporation's corrective action plan will include the following measures.

1. A checklist will be created to assist in the setup of any new vendors, contracts, and/or agreements.
2. The checklist will include the requirement of checking to see that a vendor/contractor has been suspended/debarred from doing business with the Federal Government.
3. A staff personnel from the Business Office will be assigned to checking the status of suspension/debarment in the Federal Government's database. Documentation supporting this check will be kept.
4. The Chief Financial Officer will approve new vendors, contracts, and/or agreements prior to any business be conducted.
5. In addition to the foregoing steps to approving new vendors, all current vendors will be reviewed annually against SAMS for any exclusions.

The changes proposed will prevent future issues with internal controls from occurring by allowing a checklist and approval system for new vendors, contracts, and/or agreements on an ongoing basis as well as the ongoing maintenance of current vendors. The Chief Financial Officer will monitor the progress of the Corrective Action Plan to ensure that we fulfill our requirements of the CAP.

Anticipated Completion Date: September 1, 2021.

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/>.