

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NEW PRAIRIE UNITED SCHOOL CORPORATION

LAPORTE COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

06/11/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James G. Holifield	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Paul White	07-01-18 to 06-30-21
President of the School Board	Richard Shail Phillip King	07-01-18 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 NEW PRAIRIE UNITED SCHOOL
CORPORATION, LAPORTE 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 New Prairie United 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 May 13, 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 items 2020-001 and 2020-002, 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 items 2020-001 and 2020-002.

New Prairie United 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

May 13, 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 NEW PRAIRIE UNITED SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the New Prairie United 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. Except as discussed below, 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.

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)

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2020-003, 2020-004, 2020-005, and 2020-006, in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with Child Nutrition Cluster regarding Cash Management, Eligibility, Procurement and Suspension and Debarment, and Program Income. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2020-010 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with Special Education Cluster (IDEA) regarding Earmarking. Consequently, we were unable to determine whether the School Corporation complied with the requirement applicable to the program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster* 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 Child Nutrition Cluster for the period of July 1, 2018 to June 30, 2020.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* 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 Special Education Cluster (IDEA) 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 2020-011. 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.

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 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 items 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, and 2020-011, that we consider to be material weaknesses.

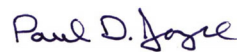
The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express 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 May 13, 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

May 13, 2021

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.

NEW PRAIRIE UNITED 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 Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2018-2019	\$ -	\$ 119,875	\$ -	\$ -
School Breakfast Program			FY 2019-2020	-	-	-	155,213
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	-	-	-	188,101
Total - School Breakfast Program				-	119,875	-	343,314
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2018-2019	-	538,130	-	-
School Lunch Program			FY 2019-2020	-	-	-	390,123
Commodities			FY 2018-2019	-	108,621	-	-
Commodities			FY 2019-2020	-	-	-	160,354
Sub Total - National School Lunch Program				-	646,751	-	550,477
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	-	-	355,435
Total - National School Lunch Program				-	646,751	-	905,912
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2018-2019	-	19,478	-	-
Total - Child Nutrition Cluster				-	786,104	-	1,249,226
Total - Department of Agriculture				-	786,104	-	1,249,226
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education			14217-055-PN01	-	329,587	-	-
Special Education			14218-055-PN01	-	281,351	-	-
Special Education			19611-055-PN01	-	-	-	356,317
Special Education			20611-053-PN01	-	-	-	269,445
Total - Special Education Grants to States				-	610,938	-	625,762
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grant			18619-055-PN01	-	18,506	-	-
Special Education Preschool Grant			19619-055-PN01	-	-	-	5,908
Special Education Preschool Grant			19619-055-PN01	-	-	-	17,071
Special Education Preschool Grant			20619-053-PN01	-	-	-	-
Special Education Preschool Grant			45717-055-PN01	-	2,481	-	-
Total - Special Education Preschool Grants				-	20,987	-	22,979
Total - Special Education Cluster (IDEA)				-	631,925	-	648,741
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2017-2018			S010A180014	-	188,333	-	-
Title I 2018-2019			S010A180014	-	229,168	-	-

NEW PRAIRIE UNITED 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 2018-2019			S010A190014	-	-	-	139,296
Title I 2019-2020			S010A190014	-	-	-	228,107
Total - Title I Grants to Local Educational Agencies				-	417,501	-	367,403
Twenty-First Century Community Learning Centers 21st Century	Indiana Department of Education	84.287	Cohort 7 Year 5	-	33,711	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2017-2019			S365A180014	-	5,545	-	-
Title III 2017-2019			S365A190014	-	-	-	976
Title III 2018-2019			S365A180014	-	5,891	-	-
Title III 2018-2019			S365A190014	-	-	-	272
Title III 2019-2021			S365A190014	-	-	-	3,853
Total - English Language Acquisition State Grants				-	11,436	-	5,101
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA 2016-2018			S367A170013	-	39,318	-	-
Title IIA 2019-2021			S367A190013	-	-	-	49,374
Title IIA 2017-2019			S367A180013	-	61,406	-	-
Title IIA 2017-2019			S367A190013	-	-	-	9,528
Title IIA 2018-2020			S367A180013	-	49,381	-	-
Title IIA 2018-2020			S367A190013	-	-	-	21,949
Total - Supporting Effective Instruction State Grants				-	150,105	-	80,851
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IVA 2019			S424A180015	-	27,429	-	-
Title IVA 2019			S424A180015	-	-	-	401
Title IV 2019-2020			S424A190015	-	-	-	14,203
Total - Student Support and Academic Enrichment Program				-	27,429	-	14,604
Total - Department of Education				-	1,272,107	-	1,116,700
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778	FY 2018-2019	-	23,598	-	-
			FY 2019-2020	-	-	-	37,978
Total - Medicaid Cluster				-	23,598	-	37,978
Total - Department of Health and Human Services				-	23,598	-	37,978
Total federal awards expended				\$ -	\$ 2,081,809	\$ -	\$ 2,403,904

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

NEW PRAIRIE UNITED 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. South LaPorte County Special Education Cooperative

The School Corporation is a member of the South LaPorte County Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. 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 of the School Corporation. This activity is reported on the financial statement of the Cooperative.

NEW PRAIRIE UNITED 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	Qualified
	Special Education Cluster (IDEA)	Qualified
84.010	Title I Grants to Local Educational Agencies	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: Financial Transactions
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding receipts and payroll disbursements. The prior audit finding number was 2018-002.

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not designed or implemented effective internal controls related to receipts, payroll disbursements, and other financing sources.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Receipts

The internal control process that was implemented over receipting was determined to not be effective in detecting and correcting errors timely. During fiscal year 2019-2020, receipts totaling \$1,884,844 were not accurately posted to the proper debt service fund. This resulted in an overstatement in the Exempt Debt fund and an understatement in the Debt Service fund by \$1,884,844.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in the Financial Statement Audit Report of the School Corporation.

Payroll Disbursements

One employee entered the wages and hours worked for employees into the computerized accounting system without evidence of a proper system of oversight or review to ensure that employees were paid the proper rates or from the proper funds.

Other Financing Sources

The Treasurer was to provide a listing of surplus capital assets to the School Board for approval prior to the sale of the capital assets. However, the Treasurer failed to have the list of surplus capital assets that were to be sold approved by the School Board prior to the sale.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management had not established a proper system of internal controls over financial transactions.

Effect

The failure to establish an effective system of internal controls enabled misstatements or irregularities to remain undetected for receipts. The financial statement contained the errors identified in the *Condition and Context*.

The failure to establish and implement internal controls could have enabled misstatements or irregularities to remain undetected for payroll disbursements and the sale of capital asset receipts.

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-001.

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered in 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 other employees reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. The School Breakfast Program expenditures were overstated \$65,272.
2. The National School Lunch Program expenditures were understated by \$299,124.
3. The Summer Food Service Program for Children was omitted, which understated expenditures by \$19,478.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

4. The National School Lunch Program - Commodities expenditures were overstated by \$5,532.
5. The Title I Grants to Local Educational Agencies expenditures were overstated by \$2,171,857.
6. The Special Education Grants to State expenditures were overstated by \$115,700.
7. The Twenty-First Century Community Learning Centers expenditures were overstated by \$92,956.
8. The Supporting Effective Instruction State Grants expenditures were overstated by \$628,022.
9. The English Language Acquisition Grants expenditures were overstated by \$46,963.
10. The Student Support and Academic Enrichment Program expenditures were overstated by \$61,169.
11. The Medicaid Cluster was omitted, which understated expenditures by \$61,576.
12. Other errors included incorrect federal grantor agency names, cluster names, program names, pass-through entities, 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 . . ."

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 . . ."

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 a 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."

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

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 2020-003

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Agriculture

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-006.

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation could not provide for audit price and rate quotes from an adequate number of sources for purchases of goods and services exceeding \$10,000, which fell under small purchase procedures. The School Corporation also did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

The School Corporation could not provide documentation verifying that vendors were not suspended or debarred from participation in federal award programs before entering into a covered transaction for small purchases.

The lack of controls, noncompliance, and failure to maintain adequate supporting documentation were systemic issues throughout the audit period regarding vendors tested under the small purchase procedures.

NEW PRAIRIE UNITED 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 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 200.320 states in part:

"The Non-Federal entity must use one of the following methods of procurement. . . ."

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

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.

You do this by:

- (a) Checking 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, or that supporting documentation would have been maintained and made available for audit related to the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish internal controls and maintain supporting documentation to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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 2020-004

Subject: Child Nutrition Cluster - Cash Management
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 2018-2019
Pass-Through Entity: Indiana Department of Agriculture
Compliance Requirement: Cash Management
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 Cash Management compliance requirement.

The School Corporation did not have internal controls in place to ensure the net cash resources did not exceed the three months average expenditures. The Food Service Director prepared a monthly profit and loss spreadsheet by school to monitor expenditures, but there was no evidence of an oversight or review to verify accuracy. Additionally, a detailed sales report was not available for audit from July 2018 to March 2019, to determine the amount that should have been transferred into the School Lunch fund for sales to students and adults. This prevented an accurate calculation of the monthly ending balance to determine if the School Corporation was in compliance with the cash management requirement.

The lack of internal controls and failure to maintain adequate supporting documentation was isolated to fiscal year 2018-2019.

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). . . ."

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service, or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service, or such other amount as may be approved by the State agency; and . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with, or that supporting documentation would have been maintained and made available for audit related to the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls and maintain supporting documentation to ensure compliance with the grant agreement and the Cash Management 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 2020-005

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020
Pass-Through Entity: Indiana Department of Agriculture
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Program Income compliance requirement.

The School Corporation did not have internal controls in place to ensure the sales to students and adults were adequately charged and collected. For the months of July 2018 through March 2019, a detailed sales report was not available for audit to determine the amount collected for students and adults was properly charged and collected.

In addition, the School Corporation did not properly record transfers from the School Nutrition Clearing fund to the School Lunch fund. The School Corporation calculated the difference between what was collected from students or adults and the charged meals and receipted the difference into the School Nutrition Clearing fund and subsequently disbursed that amount to the School Lunch fund for program income.

The lack of internal controls and noncompliance related to retention of detailed sales reports was isolated to fiscal year 2018-2019. The lack of internal controls and noncompliance related to transfers were systemic issues throughout the audit period.

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). . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Cause

Management had not developed a system of internal controls that would have ensured compliance with, or that supporting documentation would have been maintained and made available for audit related to the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system and to maintain supporting documentation enabled noncompliance with the grant agreement and the Program Income compliance requirement. Noncompliance with the grant agreement or 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 and maintain supporting documentation to ensure compliance with the grant agreement and the Program Income 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 2020-006

Subject: Child Nutrition Cluster - Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Agriculture

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Eligibility compliance requirement.

The School Corporation did not effectively implement controls to ensure only eligible students received meals at no charge or at a reduced price. Twenty-seven of the forty Free and Reduced Price Applications (applications) tested (including 15 Direct Certification) did not have a review to ensure that the applications were accurately input into the system to determine eligibility. Additionally, two applications tested were incorrect based on income. The School Corporation had an administrative review from the Indiana Department of Education and one application tested was incorrect based on income. The School Corporation was not able to provide documentation for 17 direct certification students.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

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). . . ."

7 CFR 245.6(c) states in part:

". . . *Determination of eligibility—*

- (1) *Duration of eligibility.* Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year. . . .
- (4) *Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable. . . ."

NEW PRAIRIE UNITED 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 Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or 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 Eligibility 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 2020-007

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2018-2019

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Activities Allowed or Unallowed. The prior audit finding number was 2018-003.

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed

The School Corporation did not have internal controls in place to ensure that food service employees' payroll was recorded in the School Lunch fund. The Director of Finance received a payroll distribution report to ensure payroll for food service employees was recorded in the correct fund. There was no review or oversight of the payroll distribution report for most of the fiscal year 2018-2019. The Director of Finance began reviewing the payroll distribution report on June 6, 2019.

Allowable Costs/Cost Principles

The School Corporation did not have internal controls in place to ensure that payroll was properly paid to food service employees. The Food Service Director was to review a payroll distribution report after payroll was completed at the School Corporation to ensure food service employees were properly paid. There was no documentation of a review being completed for most of 2018-2019. The Food Service Director began reviewing a payroll distribution report on June 6, 2019.

The lack of internal controls was isolated to 2018-2019.

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). . . ."

Cause

Management did not develop a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk for noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

There were no questioned costs identified.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowed Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2020-008

Subject: Special Education Cluster (IDEA) - Maintenance of Effort
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14217-055-PN01, 14218-055-PN01,
18619-055-PN01, 45717-055-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Finding: Material Weakness

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 maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The Director of Finance submitted the Maintenance of Effort Calculation without a review or approval process or other compensating control to ensure its accuracy.

The lack of internal controls was isolated to fiscal year 2018-2019.

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). . . ."

Cause

Management did not develop a system of internal controls that would have ensured compliance with the maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk for noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the maintenance of effort requirements of 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.

FINDING 2020-009

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-055-PN01, 14218-055-PN01,
45717-055-PN01, 18619-055-PN01,
19611-055-PN01, 19619-055-PN01,
20611-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition and Context

An effective internal control system was not in place at the School Corporation and the South LaPorte County Special Education Cooperative (Cooperative) to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Cooperative was a planning district whose purpose was to provide free appropriate public education to students identified as disabled in accordance with state statute who were legal residents and/or have been accepted through means of open enrollment or other legal means of transfer to the participating member school corporations in LaPorte County. The School Corporation was the administrator of this Cooperative.

The School Corporation had not designed or implemented adequate internal controls to ensure that all activities and costs were allowed. The payroll disbursements were prepared by the Payroll Department without oversight or review or other compensating control to ensure accuracy.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue throughout the audit period.

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). . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements. A lack of an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-010

Subject: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 18619-055-PN01, 19611-055-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-009.

Condition and Context

An effective internal control system was not in place at the School Corporation and at the South LaPorte County Special Education Cooperative (Cooperative) to ensure compliance with the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The Cooperative was a planning district whose purpose was to provide free appropriate public education to students identified as disabled in accordance with state statute, who were legal residents and/or have been accepted through means of open enrollment or other legal means of transfer to the participating member school corporations in LaPorte County. The School Corporation was the administrator of this Cooperative.

The School Corporation and the Cooperative did not maintain adequate supporting documentation used to calculate the amount of special education and related services that were provided to students in nonpublic schools and facilities for grant 18619-055-PN01. Additionally, adequate supporting documentation was not maintained for the second quarter of the 19611-055-PN01 grant. Since we could not determine if the transactions were properly classified as nonpublic school expenditures, we were unable to determine compliance with the earmarking requirements.

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

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

The School Corporation had not established a system of internal controls that would have ensured compliance with, or that supporting documentation would have been maintained and made available for audit related to the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to maintain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and maintain adequate supporting documentation to ensure compliance with the grant agreement and the earmarking requirements of 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.

FINDING 2020-011

Subject: Title I Grants to Local Educational Agencies - Maintenance of Effort
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A180014, S010190014
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 maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

NEW PRAIRIE UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Expenditures were entered into the accounting system without an effective review or approval process to ensure that the proper code was used for each transaction. Ten of the eighty transactions tested did not have an effective internal control in place. Twelve of the eighty transactions tested were coded incorrectly in the accounting system.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management did not develop a system of internal controls that would have ensured compliance with the maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

NEW PRAIRIE UNITED 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.

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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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2018
Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-0206

Status of Audit Finding:

Prior to submitting the Schedule of Expenditures for Federal Awards (SEFA) in Gateway, the Director of Finance:

1. Reviews and gathers approval of information related to Food Service (School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, and National School Lunch Program Commodities) from Food Service Director and documents same.
2. Reviews and gathers approval of information related to Special Education (Special Education Grants to States, Special Education Preschool Grants) from CFO of LEA (LaPorte Community School Corporation) and documents same.
3. Reviews and gathers approval of Grants (Title I, Title II-A, Title III, Title IV, and 21st Century Community Learning Centers) from Grant Coordinator and document same.
4. Grants Manager reviews SEFA schedule after it is entered into Gateway by Director of Finance and documents same.

Completion Date: This correction is still in progress. We are working with our FM vendor to create reliable reports so that our financials more accurately match the actual receipts/expenditures. We will have this corrected by 8/31/2021.

Jim Holifield

(Signature)

Director of Finance

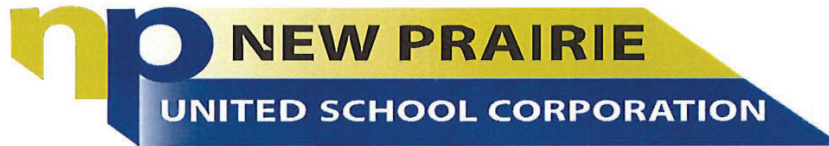
(Title)

04-15-2021

(Date)

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New Carlisle, IN 46552



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Jim Holifield

Contact Phone Number: 574-654-0206

Status of Audit Finding:

1. All reports related to Cash and Investments (i.e., bank reconcilements), Receipts, Disbursements, and Financial Reporting are reviewed and approved by two members of the Business Department and documented by same.
2. Bank reconcilements are prepared by Business Office and reviewed by Director of Finance and documented by same.
3. Receipts are entered by Business Office and reviewed by Director of Finance and document by same.
4. Payroll Distribution report is reviewed by Director of Finance and documented by same.
5. After Form 9 is submitted by Director of Finance and accepted by IDOE, another member of the Business Office reviews and documents same.
6. All Debt/Lease payments are approved by the NPUSC Board of Trustees at time of payment.

Completion Date: Items 1, 2, 5, and 6---March, 2019; Items 3 and 4---We are still working to implement an effective system of internal controls to detect errors over receipts and disbursements. There has been improvement, but errors still existed during audit period.

Jim Holifield

(Signature)

Director of Finance

(Title)

4-16-2021

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Mike Hale/Laurie Jacobson

Contact Phone Number: 574-654-0401

Status of Audit Finding:

1. The Business Office creates a Journal Register Report and emails same to the Nutritional Services Director, who reviews and approves.
2. Nutritional Services keeps a copy of eligibility requirements from within the eligibility software. The NS Director and Administrative Assistant review, approve, and document same.
3. The Business Office creates a Accounts Payable Invoice Report and emails same to the Nutritional Services Director, who reviews and approves.

Completion Date: Items #1 and #3--March, 2019; Item #2--We are still working to implement an effective system of internal controls over the eligibility requirements. Progress had been made, but changes in vendor and key personnel resulted in internal controls not being sufficient during portions of the audit period.



(Signature)

FSD

(Title)

4/18/21

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-004

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Mike Hale/Laurie Jacobson

Contact Phone Number: 574-654-0401

Status of Audit Finding:

1. Before purchases of equipment with a cost of \$5,000 or more, the NSD completes a Request For Quote (RFQ) from no less than 3 vendors for the unit wanting to be purchased. The NSD and NSD Administrative Assistant review the RFQ's or failure to respond to RFQ and determine the best unit for the department using price as the highest factor, but not the sole factor, in the process of determining which available quote to use. The NSD then presents a request for purchase form to the IDOE, via email, using the form on the IDOE website. Upon approval of the purchase from the IDOE, the NSD proceeds with the purchase.
2. Food Service employee's payroll will be prepared by payroll personnel and the Nutritional Services Director will review and approve same; said approval will be recorded.

Completion Date: March, 2019--#1; April, 2019--#2

Laurie Jacobson

(Signature)

FSD

(Title)

4/18/21

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-005

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Mike Hale/Laurie Jacobson

Contact Phone Number: 574-654-0401

Status of Audit Finding:

All disposed or dispersed equipment is properly documented and approved by IDOE when necessary. A year-end inventory is conducted by the site managers and signed. The signed inventory is reviewed by the NSD and documented.

Completion Date: This is an ongoing process; we are still working to implement an effective system of internal controls over disposal of capital assets.

Laurie Jacobson
(Signature)

FSD
(Title)

4/18/21
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-006

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Mike Hale/Laurie Jacobson

Contact Phone Number: 574-654-0401

Status of Audit Finding:

All Small Purchases are accompanied by an RFQ that is dispersed to no less than 3 reasonable vendors (if three reasonable vendors exist). The Director and Administrative Assistant review the RFQS and score them. Using a 100-point system in which price is the highest but not sole variable, the NSD awards the request to the highest scoring bid. All RFQs are filed together along with any supporting documents used to determine the purchase.

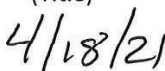
Completion Date: This is an ongoing process; we are still working to implement an effective procurement system.



(Signature)



(Title)



(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-007

Fiscal year in which the finding initially occurred: 2018
Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-0206

Status of Audit Finding:

All expenditures related to grant agreements, Activities Allowed/Unallowed, and Allowable Costs/Cost Principles compliance requirements are reviewed and approved by two members of the NPUSC Business Department (Grants Coordinator and Director of Finance).

Payroll Distribution reports are reviewed/approved by Director of Finance and documented.

Completion Date: March, 2019

Jim Holifield
(Signature)
Director of Finance
(Title)
3/3/2021
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-008

Fiscal year in which the finding initially occurred: 2018
Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-0206

Status of Audit Finding:

The Director of Finance reviews and confirms with the Fiscal Agency the Expenditures/Disbursements documentation regarding insurance and preschool grants.

Completion Date: April, 2019

Jim Holifield
(Signature)
Director of Finance
(Title)
3/3/2021
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-009

Fiscal year in which the finding initially occurred: 2018
Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-0206

Status of Audit Finding:

Incomplete: We have requested (from the Co-Op LEA) the documentation regarding earmarking and reporting requirements; this documentation has not been forthcoming.

Completion Date: Incomplete

Jim Holifield
(Signature)
Director of Finance
(Title)
3/3/2021
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: Additional internal controls are necessary beyond what are already in place.

Description of Corrective Action Plan:

- Receipts: All receipts to Debt Service Funds will be reviewed and approved by a second member of the NPUSC Business Office.
- Payroll Disbursement: Payroll disbursement will, at a minimum, be verified by a second member of the NPUSC Business Office.
- Other Financing Services: All surplus materials identified to be sold will be listed and approved by the NPUSC Board of Trustees prior to any sale of such items.

Anticipated Completion Date: June, 2021

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CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: While internal controls were in place, they were not effective in identifying errors in the SEFA.

Description of Corrective Action Plan:

Prior to submitting the Schedule of Expenditures for Federal Awards (SEFA) in Gateway, the Director of Finance will:

1. Review and gather approval of information related to Food Service (School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, and National School Lunch Program Commodities) from Food Service Director and document same.
2. Review and gather approval of information related to Special Education (Special Education Grants to States, Special Education Preschool Grants) from CFO of LEA (LaPorte Community School Corporation) and document same.
3. Review and gather approval of Grants (Title I, Title II-A, Title III, Title IV, and 21st Century Community Learning Centers) from Grant Coordinator and document same.
4. Grants Manager will review SEFA schedule after it is entered into Gateway by Director of Finance and document same.

Anticipated Completion Date: June, 2021

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Nutritional Services Department

Laurie Jacobson, Director

574-654-0401

lauriejacobson@npusc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2020-003

Contact Person Responsible for Corrective Action: Laurie Jacobson

Contact Phone Number: 574-654-0401

Views of Responsible Official: Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement. There was not an adequate number of price and rate quotes, nor documentation verifying that vendors were not suspended or debarred.

Description of Corrective Action Plan: Nutrition Services Management will establish controls and maintain supporting documentation to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Anticipated Completion Date: July 2021

This institution is an equal opportunity provider.

CORRECTIVE ACTION PLAN

FINDING 2020-004

Contact Person Responsible for Corrective Action: Laurie Jacobson

Contact Phone Number: 574-654-0401

Views of Responsible Official: Lack of controls and noncompliance with cash management in the 2018-2019 school year. A monthly profit and loss spreadsheet was prepared, but there was no evidence of an oversight review.

Description of Corrective Action Plan: Establish controls and maintain supporting documentation to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Anticipated Completion Date: July 2021

This institution is an equal opportunity provider.



Nutritional Services Department

Laurie Jacobson, Director

574-654-0401

lauriejacobson@npsc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2020-005

Contact Person Responsible for Corrective Action: Laurie Jacobson

Contact Phone Number: 574-654-0401

Views of Responsible Official: The School Corporation did not have controls in place to ensure the sales to students and adults were adequately charged and collected. While money is in the student's individual account, the balance should not be included in the Fund 800 School Lunch.

Description of Corrective Action Plan: Establish an effective internal control system and maintain supporting documentation that will ensure compliance with the Program Income compliance requirement.

Anticipated Completion Date: September 2021

This institution is an equal opportunity provider.

CORRECTIVE ACTION PLAN

FINDING 2020-006

Contact Person Responsible for Corrective Action: Laurie Jacobson

Contact Phone Number: 574-654-0401

Views of Responsible Official: The School Corporation did not effectively implement controls to ensure only eligible students received meals at no charge or at a reduced price. Out of 40 applications tested, 27 applications did not have a review to ensure that the applications were accurately input into the system to determine eligibility.

Description of Corrective Action Plan: Establish and maintain effective internal controls that ensure compliance with the income eligibility compliance requirement.

Anticipated Completion Date: July 2021

This institution is an equal opportunity provider.

CORRECTIVE ACTION PLAN

FINDING 2020-007

Contact Person Responsible for Corrective Action: Laurie Jacobson

Contact Phone Number: 574-654-0401

Views of Responsible Official: The School Corporation did not have controls in place to ensure that food service employees' payroll was recorded in the School Lunch Fund or paid to food service employees. The lack of controls was isolated to the 2018-2019 school year.

Description of Corrective Action Plan: Establish and maintain effective internal controls to ensure food service employee payroll is properly recorded and properly paid to food service employees.

Anticipated Completion Date: July 2021

This institution is an equal opportunity provider.



CORRECTIVE ACTION PLAN

FINDING 2020-008

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: Effective internal controls were not in place regarding the Maintenance of Effort calculations.

Description of Corrective Action Plan:

The MOE calculation process has been changed as of April, 2021. The numbers used will come directly from our Form 9. (More information has been promised from the IDOE.) Once we know the process, internal controls will be implemented to ensure that calculations are reviewed by a second person from our Business Department prior to submission.

Anticipated Completion Date: June, 2021 (TBD)

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CORRECTIVE ACTION PLAN

FINDING 2020-009

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: Internal controls were attempted but not fully in place during the 2018-2020 audit period.

Description of Corrective Action Plan:

Director of Finance will meet with the CFO of LaPorte County Special Education Cooperative to review and approve compliance.

Anticipated Completion Date: November, 2021

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CORRECTIVE ACTION PLAN

FINDING 2020-010

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: Additional internal controls are needed beyond what is already in place with our Fiscal Agency (South LaPorte County Special Education Cooperative).

Description of Corrective Action Plan:

We will request (from the Co-Op) the documentation regarding earmarking and reporting requirements; this documentation will be verified to ensure grant compliance. Supporting documents will be retained and available for audit.

Anticipated Completion Date: November, 2021



CORRECTIVE ACTION PLAN

FINDING 2020-011

Contact Person Responsible for Corrective Action: Jim Holifield
Contact Phone Number: 574-654-7273

Views of Responsible Official: Internal controls were not effective in detecting errors in Title I expenditure transactions during the audit period.

Description of Corrective Action Plan:

Maintenance of Effort requirements will be reviewed and followed to comply with grant agreements.

Anticipated Completion Date: June, 2021

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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/>.