

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MOUNT VERNON COMMUNITY SCHOOL CORPORATION

HANCOCK COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/20/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-23
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	26-36
Corrective Action Plan	37-41
Other Reports.....	42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Chris Smedley Greg Elkins	07-01-18 to 06-30-19 07-01-19 to 06-30-21
Treasurer	Rachel Lanteigne Lisa Heitman	07-01-18 to 06-26-20 06-27-20 to 06-30-21
Superintendent of Schools	Chris Smedley (co-interim) Heather Noesges (co-interim) Jack Parker	07-01-18 to 12-31-18 07-01-18 to 12-31-18 01-01-19 to 06-30-21
President of the School Board	Shannon Walls Kellie Freeman	07-01-18 to 12-31-19 01-01-20 to 06-30-21



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

TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY SCHOOL
CORPORATION, HANCOCK 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 Mount Vernon Community School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated June 11, 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.

Mount Vernon Community 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

June 11, 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 MOUNT VERNON COMMUNITY SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-004 and 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003, 2020-004, and 2020-005, 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 June 11, 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

June 11, 2021

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Food Service			FY18-19	\$ -	\$ 82,595	\$ -	\$ -
Food Service			FY19-20	-	-	-	58,198
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY19-20	-	-	-	65,943
Total - School Breakfast Program				-	82,595	-	124,141
National School Lunch Program	Indiana Department of Education	10.555					
Food Service			FY18-19	-	530,608	-	-
Food Service			FY19-20	-	-	-	413,821
Commodities			FY18-19, FY 19-20	-	113,527	-	102,424
Subtotal - National School Lunch Program				-	644,135	-	516,245
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY19-20	-	-	-	149,486
Total - National School Lunch Program				-	644,135	-	665,731
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Food Service			FY18-19	-	2,060	-	-
Total - Summer Food Service Program for Children				-	2,060	-	-
Total - Child Nutrition Cluster				-	728,790	-	789,872
Total - Department of Agriculture				-	728,790	-	789,872
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
5250 Special Ed Part B 611			14217-137-PN01	-	67,254	-	-
5251 Special Ed Part B 611			18611-137-PN01	-	471,934	-	73,546
5252 Special Ed Part B 611			19611-137-PN01	-	160,697	-	582,220
5206 Special Ed Part B 611			20611-137-PN01	-	-	-	435,795
Total - Special Education Grants to States				-	699,885	-	1,091,561

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Special Education Preschool Grants	Indiana Department of Education	84.173					
5255 Special Ed 619 PRESCHOOL			17619-137-PN01	-	6,100	-	-
5256 Special Ed 619 PRESCHOOL			18619-137-PN01	-	28,371	-	-
5257 Special Ed 619 PRESCHOOL			19619-137-PN01	-	14,482	-	12,376
Total - Special Education Preschool Grants				-	48,953	-	12,376
Total - Special Education Cluster (IDEA)				-	748,838	-	1,103,937
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
4119 Title I			S010A180014	-	95,167	-	91,321
Title I			S010A170014	-	-	-	2,925
4120 Title I			S010A190014	-	-	-	154,798
Total - Title I Grants to Local Educational Agencies				-	95,167	-	249,044
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II - A			S367A150015	-	38,966	-	-
2017 Title II			S367A170013	-	-	-	1,068
2018 Title II			S367A180013	-	-	-	53,329
Total - Supporting Effective Instruction State Grants				-	38,966	-	54,397
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A180015	-	13,680	-	-
5801 Title IV			S424A180015	-	-	-	10,065
Total - Student Support and Academic Enrichment Program				-	13,680	-	10,065
Total - Department of Education				-	896,651	-	1,417,443
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - MAC			FY18-20	-	10,035	-	11,092
Total - Medicaid Cluster				-	10,035	-	11,092
Total - Department of Health and Human Services				-	10,035	-	11,092
Total federal awards expended				\$ -	\$ 1,635,476	\$ -	\$ 2,218,407

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

MOUNT VERNON COMMUNITY SCHOOL CORP
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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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:

Name of Federal Program or Cluster	Opinion Issued
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2020-001

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 an effective internal control system over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not properly review the federal grant information prepared and submitted in Gateway. Although the Treasurer prepared and submitted the SEFA information into Gateway, and a second person reviewed it, the internal control was not effective and did not detect or allow for correction of material errors on the SEFA.

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

1. The Child Nutrition Cluster expenditures were understated by \$93,327 for fiscal year 2018-2019.
2. The Special Education Cluster (IDEA) expenditures were understated by \$313,159 for 2019-2020.
3. The Title I Grants to Local Educational Agencies expenditures were overstated by \$135,860 and \$82,829 for 2018-2019 and 2019-2020, respectively.
4. The Supporting Effective Instruction State Grants expenditures were understated by \$51,503 for 2019-2020.
5. The Student Support and Academic Enrichment Grants expenditures were understated by \$13,320 for 2018-2019.

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 . . ."

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included 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.

FINDING 2020-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report related to receipts. The prior audit finding number was 2018-002.

Condition and Context

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors in its financial statement. The School Corporation hired a consultant to help prepare the financial statement and notes. The Treasurer prepared the form 9 information, and the Superintendent of Schools reviewed and approved it; however, the internal control was not effective.

Cash and Investments

The School Corporation did not have an effective internal control system in place to ensure that bank reconciliations were complete and agreed to the financial records of the School Corporation.

Receipts

The School Corporation had not separated incompatible activities related to receipts. Receipts were prepared by the Deputy Treasurer with no documented oversight, review, or approval process.

Other Financing Sources and Uses

The School Corporation did not have an effective internal control system in place to ensure that transfers were properly recorded in the financial records and reported in the financial statement.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Close and Reporting

The School Corporation did not have an effective internal control system in place to ensure that amounts reported in the financial statement were supported by and agreed to the financial records.

The following errors were identified during the audit of the financial statements:

1. The receipts, disbursements, and balances reported in the School Corporation's financial statement were not reconciled to the School Corporation's financial records and did not agree to the records for several funds.
2. Funds accounting for transactions related to payroll withholdings were omitted in the financial statements.
3. The School Corporation's financial statement included disbursements which occurred in the subsequent period.

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.

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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance documents provided by the respective depositories."

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

Management of the School Corporation had not established a proper system of internal controls that would have ensured proper reporting of the financial statement.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatement of the financial statement remained undetected. The financial statement included 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 - Internal Controls

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): FY18-19, FY19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-005.

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with the requirements related to the grant agreement and the compliance requirements listed above.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures; whereby, the net cash resources in the School Lunch fund were monitored to ensure that the net cash resources did not exceed the three months average expenditures.

Special Tests and Provisions - School Food Accounts

There were no internal controls in place at the School Corporation, such as an oversight, review, or approval process, to ensure that the school food account transactions were posted promptly and accurately to the School Lunch fund.

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 had not developed a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Cash Management and Special Tests and Provisions - School Food Accounts compliance requirements.

Views of Responsible Officials

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-004

Subject: Child Nutrition Cluster - Procurement
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): FY18-19, FY19-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-004.

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 had not designed or implemented adequate policies and procedures to ensure that all procurements were made in accordance with the requirements for the federal grant.

The School Corporation did not provide audit evidence that price or rate quotations had been requested for purchases exceeding \$10,000, which fell under the small purchase procedures.

The lack of internal controls and noncompliance were systemic issues that occurred 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). . . ."

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the procurement requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls 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 2020-005

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, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY18-19, FY19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-005.

MOUNT VERNON COMMUNITY 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 had not designed or implemented adequate policies or procedures to ensure that program income was assessed in accordance with grant requirements and properly recorded in the accounting records.

The School Corporation did not report their program income based on the number of meals served, per grant requirements, which resulted in the transfers of program income from the Prepaid School Lunch fund to the School Lunch fund to not be accurate.

The lack of internal controls and noncompliance were systemic issues which occurred 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."

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

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 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 the 8400 fund 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 the Program Income compliance requirement

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Program Income compliance requirement could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply 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.

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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.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: The corrective action is ongoing because this is an annual required report.

The SEFA report was filed in a timely manner and submitted on 8/27/19 and 8/25/2020 by the CFO. The CFO submits this report as part of the internal controls in place for approving the SEFA. SEFA data was pulled from Skyward accounting software. The treasurer cross checks the December and June fund reports with detailed revenue/expense reports for each federal grant. The CFO enters this data into Gateway and submits as part of the AFR.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected July, 2020.

Receipts are tracked and approved by multiple positions within the business office. Checks by mail are collected by the Accounts Payable Clerk and given to the Corporation Treasurer. Electronic receipts are noted by the Corporation Treasurer. The Administrative Assistant makes the bank deposit. The Corporation Treasurer receipts pay information into the Skyward accounting system. The Corporation Treasurer creates a monthly receipts report that is reviewed and signed off on by the CFO.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected July, 2019

The Assistant Superintendent is no longer paid from Food Service 0800 fund. \$26,278.95 was transferred from Operations to Food Service on November 24, 2020 to restore the funds for the Assistant Superintendents salary. **Corrected on November 24, 2020.**

Regarding undocumented expenditures, hard copies of all claims paid from 0800 Food Service are filed. There are no known unallowable expenditures. All claims are signed and dated by the director, PO Clerk, and verified by the Corporation Treasurer. **Corrected on July 1, 2019.**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-004 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Correction began July, 2019.

Documentation that quotes are being taken on small purchases exceeding \$3,500. Food2Schools contracts and RFP's were provided to auditors. Debarment lists were also provided. **Correction began on 07/01/2019.**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-005 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Cash Management, Corrected March, 2021

A monthly food service financial review is held with CFO, Treasurer, Director, and Assistant Director. Historical receipts/expenditures and cash flow forecasting is reviewed. The 0800 Fund has not had a three-month expenditure average since January, 2018. Monthly reimbursement reports are given to the Treasurer. Once deposited, the Treasurer verifies the total.

Status of Audit Finding: Eligibility, Corrected July 1, 2019

Free & reduced eligibility documentation was provided to onsite auditors. Also, the process for verification of 3% of participants was provided. The Director and Data Steward confirm free and reduced data from the Student Management system.

Status of Audit Finding: Program Income, Corrected July 1, 2019

Internal Controls for receipt of cash sales are in place. School cashiers receive cash for sales (no cash change is given.) The change is deposited in students' prepaid accounts. At the end of the day the cashier counts the drawer for cash drawer check-out. The Cafe Manager counts each cash drawer and runs total reports and makes a deposit. The Cafe Manager brings a daily report and deposit to the Food Service Director. The Food Service Director gives it to the Corporation Treasurer. The Corporation Treasurer matches it with the bank statements.

Status of Audit Finding: Reporting, Corrected December 10, 2019

The Director and CFO review AFR data. After this consultation, the Director submits the Food Service AFR.

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Status of Audit Finding: Special Tests & Provisions - Verification of Free & Reduced Price Applications
Corrected July 1, 2019 & June, 2020

The CFO or Assistant Superintendent reviews the meal price calculations with the director who then submits meal price recommendations to the school board for approval.

Status of Audit Finding: Special Tests & Provisions - School Food Accounts, Corrected July 1, 2019

Internal Controls for receipt of cash sales are in place. School cashiers receive cash for sales (no cash change is given.) The change is deposited in students' prepaid accounts. At the end of the day the cashier counts the drawer for cash drawer check-out. The Cafe Manager counts each cash drawer and runs total reports and makes a deposit. The Cafe Manager brings a daily report and deposit to the Food Service Director. The Food Service Director gives it to the Corporation Treasurer. The Corporation Treasurer matches it with the bank statements.

Status of Audit Finding: Special Tests & Provisions - Paid Lunch Equity, Corrected July 1, 2019

Student prepaid transfers have been made monthly since July, 2019 except for the months of pandemic shut down or summer meal distribution. The Director and Treasurer meet monthly to confirm the transfer amounts.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-006 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Period of Performance, Corrected February 2020, May 2020, July 2020

The Treasurer sends monthly payroll summary reports to the Director of Special Education for approval, as well as expenditures for the month. These are verified by the Special Education Director, as well as Special Education Administrative Assistant. Employee list with pay codes, wages, and benefits is updated with director, treasurer, payroll, and CFO. Director and CFO created a Special Education (education fund) employee list with new SBOA Chart of Accounts expenditure account numbers and descriptions. Director approves special pay rate requests.

Status of Audit Finding: Reporting, Corrected February 2020, March 2020, May 2020, July 2020

The CFO and director review and sign all reimbursement requests and financial reports.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-007 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected July 1, 2019 and October, 2019

Previously, claims paid with the American Express credit card did not have detailed or itemized descriptions when more than one item was purchased. That has been corrected **(July 1, 2019)**

The CFO reviews and approves all requisitions for the grant through the electronic approval process in Skyward. The treasurer reconciles all credit card payments weekly. **(October, 2019)**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-008 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected October, 2020

The corporation treasurer created cash flow documents for each grant and monitors monthly based on Skyward activity. This amount is used by the grant director to confirm reimbursement requests after expenses have been paid. The CFO signs all grant reimbursement requests as well.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-009 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected March 10, 2020 and October, 2020

Regarding Maintenance of Effort Calculations, The Special Education Director completes MOE and grant budget submissions with data provided by from human resources (payroll and wage histories.) The CFO confers with the Sped Director and signs off on the grant application (The most recent application is dated March 10, 2020 and the application is saved as an artifact for internal controls purposes) The corporation treasurer created cash flow documents for each grant and monitors monthly based on Skyward activity. This amount is used by the grant director to confirm reimbursement requests after expenses have been paid. The CFO signs all grant reimbursement requests as well (October, 2020.)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-010 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY2016

Status of Audit Finding: Corrected September 3, 2019

Beginning September 3, 2019, the Director reviews all vendors through SAM website and price or rate quotations are requested for purchases exceeding \$3,500.

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FINDING 2020-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 317-485-3100

Views of Responsible Official: Agree with Finding

Description of Corrective Action Plan:

The SEFA report was filed in a timely manner and submitted prior to the deadline on Gateway by the CFO. The CFO will submit the report as part of the internal controls in place for approving the SEFA. SEFA data will be pulled from Skyward accounting software. The treasurer will cross check the December and June fund reports with detailed revenue expense reports for each federal grant. The CFO will enter this data into Gateway and submit as part of the AFR. Prior to submission, the CFO and Treasurer will review the data in the Gateway format, and sign and file the review document. The CFO has a SEFA template of current grants supplied by the current auditors. This template will be used as a reference. CARES funding for child nutrition will be added as a new grant.

Anticipated Completion Date: Ongoing



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FINDING 2020-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 317-485-3100

Views of Responsible Official: Agree with Finding

Description of Corrective Action Plan: The corporation no longer records transfers as negative revenue to the sending fund or positive expenses to the receiving fund. The corporation utilizes appropriate receipt, expenditure, and object codes for transfers. The current treasurer has been trained on the monthly bank reconciliation process. An outside accountant will continue to review and support the six-month reporting period for Form 9 submission. The CFO will review Form 9 data as well as compile data for other required Form 9 submissions. These will be reviewed by the Treasurer and outside accountant. The claims period has been adjusted to reflect the 30 days between board meetings therefore all payments reflect real-time reconciliation with bank activity. Also, because many payments are made with a credit card, they are reconciled to the bank account within 48 business hours. Receipts are tracked and approved by multiple positions within the business office. Checks by mail are collected by the Accounts Payable Clerk and given to the Corporation Treasurer. Electronic receipts are noted by the Corporation Treasurer. The Administrative Assistant makes the bank deposit. The Corporation Treasurer receipts pay information into the Skyward accounting system. The Corporation Treasurer creates a monthly receipts report that is reviewed and signed off on by the CFO.

Anticipated Completion Date: July 2020



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FINDING 2020-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 317-485-3100

Views of Responsible Official: Agree with Finding

Description of Corrective Action Plan:

A monthly food service financial review is held with CFO, Treasurer, Director, and Assistant Director. Historical receipts/expenditures and cash flow forecasting is reviewed. Monthly reimbursement reports are given to the Treasurer. Once deposited, the Treasurer verifies the total. Internal Controls for receipt of cash sales are in place. School cashiers receive cash for sales (no cash change is given.) The change is deposited in students' prepaid accounts. At the end of the day the cashier counts the drawer for cash drawer check-out. The Cafe Manager counts each cash drawer and runs total reports and makes a deposit. The Cafe Manager brings a daily report and deposit to the Food Service Director. The Food Service Director gives it to the Corporation Treasurer. The Corporation Treasurer matches it with the bank statements. The Director and CFO review AFR data. After this consultation, the Director submits the Food Service AFR. Student prepaid transfers have been made monthly since July, 2019 except for the months of pandemic shut down or summer meal distribution. The Director and Treasurer meet monthly to confirm the transfer amounts.

Now with clarification from the current auditors, the 8400 Fund, transfers, and receipts into the 0800 Fund will be corrected based on the meal prices multiplied by meals served. This new procedure will make the AFR data and sponsor claims accurate according to the grant requirements.

The corporation has taken measures to correct historical prepaid transfers that were not made, Also, inactive balances have been reconciled to the 0800 Fund. In addition, the corporation hired an outside consulting firm to rule out misappropriations (none were found,) confirm historical receipts and expenditures, confirm historical fund balances, and outline improved internal controls. The recommendations continue to be implemented.

Anticipated Completion Date: Ongoing



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FINDING 2020-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 317-485-3100

Views of Responsible Official: Agree with Finding

Description of Corrective Action Plan:

The school corporation is a member of Food2School purchasing cooperative. This arrangement was approved by board action. The school board also approves the Food2School bids contracts annually. As part of the contract with Food2School, the cooperative agrees to vet all vendors for debarments and ineligibilities.

Anticipated Completion Date: July 1, 2019



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COMMUNITY SCHOOL CORPORATION

Engage, Educate & Empower Today's Students

FINDING 2020-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 317-485-3100

Views of Responsible Official: Agree with Finding

Description of Corrective Action Plan:

The corporation will redirect cash flows between the 8400 prepaid fund and 0800 food service fund. Going forward, all student prepaid funds will be deposited into 8400 as well as cash (point of sale activity.) Federal and state reimbursements will be deposited into the 0800 fund. Based on the daily reporting and monthly reporting of total meals served multiplied by meal cost, this amount will be transferred from 8400 to 0800.

Anticipated Completion Date: Ongoing

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/>.