

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION
FRANKLIN COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/27/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Pohlman	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Debbie Howell Tammy Chavis	07-01-18 to 12-31-20 01-01-21 to 06-30-21
President of the School Board	Kim Simonson Francis Brumback Matthew Siedling Sharon Wesolowski	07-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 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 FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN 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 Franklin County 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 14, 2021, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 14, 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 FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Franklin County 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 2020-002, 2020-003, 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 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, and 2020-006, 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 14, 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 14, 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.

FRANKLIN COUNTY 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
USDA Breakfast Program			FY 2018-19	\$ -	\$ 146,496	\$ -	\$ -
USDA Breakfast Program			FY 2019-20	-	-	-	141,147
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-20	-	-	-	10,526
FY2019-2020 National School Breakfast Program							
Total - School Breakfast Program				-	146,496	-	151,673
National School Lunch Program	Indiana Department of Education	10.555					
USDA Lunch Program			FY 2018-19	-	426,459	-	-
USDA Lunch Program			FY 2019-20	-	-	-	395,613
Commodities			FY 2018-20	-	68,680	-	33,126
Sub-total - National School Lunch Program				-	495,139	-	428,739
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-20	-	-	-	27,764
FY2019-2020 National School Lunch Program							
Total - National School Lunch Program				-	495,139	-	456,503
Summer Food Service Program for Children	Indiana Department of Education	10.559					
USDA Summer Lunch Program			FY 2018-19	-	4,138	-	6,016
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2019-20	-	-	-	36,098
FY2019-2020 Summer Food Service Program							
Total - Summer Food Service Program for Children				-	4,138	-	42,114
Total - Child Nutrition Cluster				-	645,773	-	650,290
Total - Department of Agriculture				-	645,773	-	650,290
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2017 Federal Part B 611 Grant			14217-011-PN01	-	155	-	-
FY 2018 Federal Part B 611 Grant			18611-011-PN01	-	456,087	-	-
FY 2018 Federal Part B 611 Grant			18611-011-PN01	-	-	-	1,959
FY 2019 Federal Part B 611 Grant			19611-011-PN01	-	248,463	-	-
FY 2019 Federal Part B 611 Grant			19611-011-PN01	-	-	-	359,746
FY 2020 Federal Part B 611 Grant			20611-011-PN01	-	-	-	263,833
Total - Special Education Grants to States				-	704,705	-	625,538
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2018 Federal Preschool 619 Grant			18619-011-PN01	-	8,264	-	-
FY 2019 Federal Preschool 619 Grant			19619-011-PN01	-	16,807	-	-

FRANKLIN COUNTY 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
FY 2019 Federal Preschool 619 Grant			19619-011-PN01	-	-	-	2,634
FY 2020 Federal Preschool 619 Grant			20619-011-PN011	-	-	-	14,898
Total - Special Education Preschool Grants				-	25,071	-	17,532
Total - Special Education Cluster (IDEA)				-	729,776	-	643,070
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2017-2018 Title I			S010A170014	-	144,648	-	-
Title I 2018-2019			S010A180014	-	207,663	-	-
Title I 2018-2019			S010A180014	-	-	-	150,706
2019-2020 Title I			S010A190014	-	-	-	213,413
Total - Title I Grants to Local Educational Agencies				-	352,311	-	364,119
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2016-2018 Title II Part A			S367A160013	-	20,583	-	-
2017-2019 Title II Part A			S367A170013	-	37,134	-	-
2017-2019 Title II Part A			S367A170013	-	-	-	10,263
Title II Part A 2018-2020			S367A180013	-	56,119	-	-
Title II Part A 2018-2020			S367A180013	-	-	-	6,626
2019-2021 Title II Part A			S367A190013	-	-	-	39,548
Total - Supporting Effective Instruction State Grants				-	113,836	-	56,437
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2017-2019 Title IV Part A			S424A170015	-	18,741	-	-
2017-2019 Title IV Part A			S424A170015	-	-	-	27,923
Title IV A 2018-2020			S424A180015	-	-	-	-
Title IV A 2018-2020			S424A180015	-	-	-	10,276
2019-2021 Title IV Part A			S424A190015	-	-	-	-
Total - Student Support and Academic Enrichment Program				-	18,741	-	38,199
Total - Department of Education				-	1,214,664	-	1,101,825
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
Medicaid Administrative Claiming	Indiana Department of Education		FY 2019-20	-	-	-	35,189
IEP Services	Indiana Family and Social Services Administration		FY 2018-19	-	28,781	-	-
IEP Services			FY 2019-20	-	-	-	18,049
Total - Medical Assistance Program				-	28,781	-	53,238
Total - Medicaid Cluster				-	28,781	-	53,238
Total - Department of Health and Human Services				-	28,781	-	53,238
Total federal awards expended				\$ -	\$ 1,889,218	\$ -	\$ 1,805,353

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Special Education Cooperative

The School Corporation is a member of the East Central Special Services District Cooperative (Cooperative). The Cooperative operates the special education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements on the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified 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

No matters are reportable.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Child Nutrition Cluster - 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, Summer Food Service Program for Children,
COVID-19 - Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2019-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, 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 had not designed or implemented adequate internal controls to ensure that there was proper segregation of duties related to the direct certification of students. One employee was solely responsible for uploading the direct certification list into the School Corporation's school lunch software without an oversight or review process in place to ensure that the information in the School Corporation's computer system for direct certified students was correct.

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

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

FRANKLIN COUNTY COMMUNITY 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 of noncompliance with the grant agreement and the Eligibility compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the Eligibility compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 Eligibility 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 2020-002

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2019-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, 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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The School Corporation could not locate the documentation of verified income for four of the nine applications selected for testing.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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 245.6a(h) states in part:

"Verification reporting and recordkeeping requirements. By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . Local educational agencies shall retain copies of the information reported under this section and all supporting documents for a minimum of 3 years. All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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,
COVID-19 - Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2019-20
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 2018-002.

Condition and Context

An effective internal control system, which would include segregation of duties, 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 internal controls to ensure proper segregation of duties related to procurements made directly by the Food Service Director, and not through a Service Center. The Food Service Director handled all aspects of the procurements, including verification of whether the vendor was suspended or debarred from participation in federal award programs, without an oversight, review, or approval process.

For fiscal year 2018-2019, milk was procured directly by the School Corporation. There was no evidence presented for audit that the School Corporation verified that the milk vendor was not suspended or debarred from participation in federal award programs.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance relative to the suspension and debarment requirement was isolated to the milk procurement in 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). . . ."

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 effective internal controls to ensure compliance and comply with 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 - 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,
COVID-19 - Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Number and Year (or Other Identifying Number): FY 2019-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

FRANKLIN COUNTY 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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation procured milk for fiscal year 2019-2020 by participating in a group procurement through the Indiana Approved Educational Shopping Cooperative (IAESC), an online procurement program operated by the Wilson Education Center (Service Center). During 2018-2019 and 2019-2020, the Service Center solicited, evaluated, and awarded bids for bread, milk, and other products on behalf of its members and other school corporations participating through the IAESC program.

Procurement

Bids for bread and milk were originally awarded for 2016-2017. Each contract included a clause stating that the contract could be extended for 3 additional 12-month periods by mutual written agreements. The Service Center could not provide written contracts of the mutually agreed-upon extensions of the bread and dairy bids for 2018-2019 and 2019-2020. For 2019-2020, the Service Center had emails with the contractor that noted the agreement to extend the contract.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal 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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

FRANKLIN COUNTY 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 material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 a system of internal controls to ensure compliance and comply 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: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

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): S010A170014, S010A180014,
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not implemented adequate internal controls to ensure time and effort was properly documented. Time and effort documentation was not presented for two employees selected for testing.

The lack of internal controls and noncompliance was systemic 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 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; . . .

(ii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per IHE's definition of IBS); . . .

(vii) Support for the distribution of the employees salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocated bases; or an unallowable activity and a direct or indirect cost activity. . . ."

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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 effective internal controls to ensure compliance and comply with 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 2020-006

Subject: Title I Grants to Local Educational Agencies - Eligibility
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, S010A190014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, 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 had not implemented adequate internal controls to ensure poverty numbers reported on the Title I applications were accurate. Additionally, the school rosters were not signed by the principals for fiscal year 2019-2020.

The lack of internal controls was isolated to the 2019-2020.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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 Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 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.

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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.

Ms. Tammy Chavis
Superintendent of Schools
Mr. Keith Isaacs
Director of Operations



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Completed

The Corporation Treasurer and the Superintendent will review the Gateway Annual Financial Report together each year to ensure that the information is correctly reported and that Internal Controls are in place before entering the information to Gateway. The Corporation Treasurer is now aware that the Secured Safety Grant is not a Federal Grant, and that the Food Service Commodities must be entered on the SEFA Report.

The Auditor supplied the Corporation Treasurer with corrections to the 2016-2017 and the 2017-2018 Gateway Annual Financial Report. These corrections were completed before March 20, 2019.

These changes were made before entering the information for the March 2019 Annual Financial Report on Gateway. These practices have continued for subsequent Annual Financial Reports.

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Ms. Tammy Chavis
Superintendent of Schools
Mr. Keith Isaacs
Director of Operations



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding: Partially Completed

Procurement, Suspension and Debarment

The prior finding was partially corrected for procurements that are handled through the West Indy Co-Op. Procurements, Suspension and Debarment requirements are now being met with the use of the West Indy Co-op for use of food, non-food, paper, and commercial goods. The Food Service Director will ensure that all vendors used for purchasing will be compliant and accessible.

This process was set up for March 2019, and the process has been continued for subsequent dealings with the West Indy Co-Op.

For procurements handled by the School Corporation controls will be implemented beginning June 9, 2021, to have a second review (if applicable).

Special Tests and Provisions- Verification

Verification will be conducted by the Food Service Director each first semester. The student eligibility, applications, and household incomes will be reviewed and signed by the Administrative Secretary to ensure that all the information and totals are correct before submission of the verification report. The final verification report prepared by the Food Service Director will also be reviewed and signed by the School Corporation Treasurer.

These steps were set up in December 2019, and we continue to follow the process as outlined above.

Paid Lunch Equity,

The Paid Lunch Equity tool provided by the USDA will be completed by the Food Service Director each year. The Administrative Secretary will review the Paid Lunch Equity draft in comparison to the calculation of the lunch prices to ensure that totals are correct. The Administrative Secretary will sign off on the document if it is correct. The Food Service Director will submit the Paid Lunch Equity, and will present any price changes to the school board for approval.

These steps were set up in April 2019, and we continue to follow them.

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Ms. Tammy Chavis
Superintendent of Schools
Mr. Keith Isaacs
Director of Operations



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CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Courtney Halloran, Director of Food Services
Contact Phone Number: 765-647-4128

Views of Responsible Official: As Director of Food Services, I concur with the findings that segregation of duties were not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

Description of Corrective Action Plan: The Director of Food Services conducts the Direct Certification import monthly. This is imported through the point of sale system. The Director of Food Services will continue to run Direct Certification each month, and will be verified by the Director of Technology. The Director of Technology will record and report that the import is being completed each month.

Anticipated Completion: June 14, 2021

FINDING 2020-002

Contact Person Responsible for Corrective Action: Courtney Halloran, Director of Food Services
Contact Phone Number: 765-647-4128

Views of Responsible Official: As Director of Food Services, I concur with the finding that an effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Verification of Free and Reduced Priced Applications (NSLP) compliance requirement. Free and Reduced Priced Applications (NSLP) requirements could have resulted in the loss of funds to the School Corporation.

Description of Corrective Action Plan: To ensure Verification reporting and recordkeeping requirements are being met, the Director of Food Services will maintain income records, paystubs, etc. from selected applications. These will be saved and recorded with the Verification Summary Report and supporting documentation.

Anticipated Completion: June 14, 2021

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FINDING 2020-003

Contact Person Responsible for Corrective Action: Courtney Halloran, Director of Food Services

Contact Phone Number: 765-647-4128

Views of Responsible Official: As Director of Food Services, I concur with this repeat finding from the immediately prior audit report. An effective internal system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

Description of Corrective Action Plan: To ensure Franklin County Community School Corporation food service department is meeting Procurement and Suspension and Debarment requirements, the Director of Food Services will obtain the proper documentation from the purchasing group or company. The 2018-19 milk procurement was completed prior to the last audit findings. Milk is now procured through IAESC. The Director of Food Services will obtain information from the purchasing group for any documentation to meet Procurement and Suspension and Debarment requirements.

Anticipated Completion: June 14, 2021

FINDING 2020-004

Contact Person Responsible for Corrective Action: Courtney Halloran, Director of Food Services

Contact Phone Number: 765-647-4128

Views of Responsible Official: As Director of Food Services, I concur with this finding that 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.

Description of Corrective Action Plan: The corporation has established internal controls to ensure Procurement and Suspension and Debarment requirements. The Director of Food Services will be in close contact with the purchasing group, and require all supporting documentation of Procurement and Suspension and Debarment. The Director of Food Service will enforce that all information pertaining to this requirement is obtained from any purchasing group and/or company.

Anticipated Completion: June 14, 2021

Courtney Halloran

Director of Food Services

June 14, 2021

Ms. Tammy Chavis
Superintendent of Schools
Mr. Keith Isaacs
Director of Operations



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Mr. Grant Reeves, Member

CORRECTIVE ACTION PLAN

FINDING 2020-005

Contact Person Responsible for Corrective Action: Tammy Chavis, Superintendent
Contact Phone Number: 765-647-4128

Views of Responsible Official: As Superintendent, I concur with the finding that an effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure with requirements related to the grant agreement and the Allowable Cost/Cost Principles compliance requirement. The School Corporation had not implemented adequate controls to ensure time and effort was properly documented.

Description of Corrective Action Plan: Beginning June 14, 2021, the signatures of the Superintendent and the Payroll/Benefits Coordinator will be required on documentation for the Allowable Cost/Cost Principles.

FINDING 2020-006

Contact Person Responsible for Corrective Action: Tammy Chavis, Superintendent
Contact Phone Number: 765-647-4128

Views of Responsible Official: As Superintendent, I concur with the finding that an effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure with requirements related to the grant agreement and the Eligibility compliance requirement. The School Corporation had not implemented adequate controls to ensure poverty numbers reported on the Title I applications were accurate.

Description of Corrective Action Plan: The Educational Technology Coordinator will require the signatures of principals on the official roster reports, and beginning June 14, 2021, will retain the original signed report for future audits.

Tammy Chavis
Superintendent

June 14, 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/>.