

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF  
EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
PULASKI COUNTY, INDIANA  
July 1, 2019 to June 30, 2021



**FILED**  
05/18/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angela Anspach (Vacant) Stefanie Grandstaff	07-01-19 to 11-01-21 11-02-21 to 11-07-21 11-08-21 to 06-30-22
Superintendent of Schools	Dr. Gilbert Crimmins (interim) Dara Chezem	07-01-19 to 12-31-19 01-01-20 to 06-30-22
President of the School Board	Deke DeMarco Tim Rausch	07-01-19 to 12-31-20 01-01-21 to 06-30-22



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 EASTERN PULASKI COMMUNITY  
SCHOOL CORPORATION, PULASKI 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 Eastern Pulaski Community School Corporation (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 11, 2022, 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 2021-001 and 2021-002, 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 2021-001 and 2021-002.

***Eastern Pulaski 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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 11, 2022



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 EASTERN PULASKI COMMUNITY SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Eastern Pulaski 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, 2019 to June 30, 2021. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in item 2021-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with the Child Nutrition Cluster regarding Eligibility. Consequently, we were unable to determine whether the School Corporation complied with Eligibility requirements applicable to the program.

***Qualified Opinion on the Child Nutrition Cluster***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2019 to June 30, 2021.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2019 to June 30, 2021.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-006. 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.

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)

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 2021-003, 2021-004, 2021-005, and 2021-006, 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.

**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, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 11, 2022, 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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 11, 2022

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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.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
<b>Department of Agriculture</b>							
<b>Child Nutrition Cluster</b>							
School Breakfast Program	Indiana Department of Education	10.553					
Breakfast			SY 19-20	\$ -	\$ 37,239	\$ -	\$ -
Breakfast			SY 20-21	-	-	-	27,118
				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
Breakfast			SY 19-20	-	8,862	-	-
Breakfast			SY 20-21	-	-	-	27,630
				<u>-</u>	<u>-</u>	<u>-</u>	<u>27,630</u>
Total - School Breakfast Program				<u>-</u>	<u>46,101</u>	<u>-</u>	<u>54,748</u>
National School Lunch Program	Indiana Department of Education	10.555					
Lunch			SY 19-20	-	183,010	-	-
Commodities			SY 19-20	-	53,669	-	-
Lunch			SY 20-21	-	-	-	266,216
Commodities			SY 20-21	-	-	-	59,403
				<u>-</u>	<u>-</u>	<u>-</u>	<u>59,403</u>
Sub-Total - National School Lunch Program				<u>-</u>	<u>236,679</u>	<u>-</u>	<u>325,619</u>
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
Lunch			SY 19-20	-	24,692	-	-
Lunch			SY 20-21	-	-	-	104,580
				<u>-</u>	<u>-</u>	<u>-</u>	<u>104,580</u>
Total - National School Lunch Program				<u>-</u>	<u>261,371</u>	<u>-</u>	<u>430,199</u>
Total - Child Nutrition Cluster				<u>-</u>	<u>307,472</u>	<u>-</u>	<u>484,947</u>
<b>Department of Education</b>							
<b>Special Education Cluster (IDEA)</b>							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Part B 611			19611-035-PN01	-	43,036	-	-
Special Education Part B 611			19611-152-PN01	-	-	-	216,696
Special Education Part B 611			20611-152-PN01	-	-	-	278,697
Special Education Part B 611			21611-152-PN01	-	-	-	184,986
				<u>-</u>	<u>-</u>	<u>-</u>	<u>184,986</u>
Total - Special Education Grants to States				<u>-</u>	<u>43,036</u>	<u>-</u>	<u>680,379</u>
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool 619			19619-035-PN01	-	2,396	-	-
Special Education Preschool 619			19619-152-PN01	-	-	-	8,449
Special Education Preschool 619			20619-152-PN01	-	-	-	14,218
Special Education Preschool 619			21619-152-PN01	-	-	-	14,210
				<u>-</u>	<u>-</u>	<u>-</u>	<u>14,210</u>
Total - Special Education Preschool Grants				<u>-</u>	<u>2,396</u>	<u>-</u>	<u>36,877</u>
Total - Special Education Cluster (IDEA)				<u>-</u>	<u>45,432</u>	<u>-</u>	<u>717,256</u>

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Title I Grants to Local Educational Agencies Reading LA Math Title I	Indiana Department of Education	84.010	FY 19-20 FY 20-21	- -	341,501 -	- -	- 251,366
Total - Title I Grants to Local Educational Agencies				-	341,501	-	251,366
Rural Education Rural Low Income Grant	Indiana Department of Education	84.358	S358B180014	-	23,935	-	7,112
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Title II Title II	Indiana Department of Education	84.367	S367A180013 S367A190013	- -	- -	- -	35,931 15,471
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	-	-	51,402
Student Support and Academic Enrichment Program Title IV Title IV	Indiana Department of Education	84.424	2018-424-220 2019-424-220	- -	- -	- -	16,756 950
Total - Student Support and Academic Enrichment Program				-	-	-	17,706
Education Stabilization Fund CARES	Indiana Department of Education	84.425D	S425D200013	-	-	-	92,034
Total - Department of Education				-	410,868	-	1,136,876
<u>Department of Health and Human Services</u> Medicaid Cluster Medical Assistance Program Medicaid Reimb Medicaid Reimb	Indiana Department of Education	93.778	FY 19-20 FY 20-21	- -	1,678 -	- -	- 34,039
Total - Medicaid Cluster				-	1,678	-	34,039
Total federal awards expended				\$ -	\$ 720,018	\$ -	\$ 1,655,862

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

EASTERN PULASKI 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, 2020 and 2021. 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.

EASTERN PULASKI 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:

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

**Section II - Financial Statement Findings**

**FINDING 2021-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established a system of internal control or separated incompatible activities related to other financing sources and uses, and financial close and reporting.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Other Financing Sources and Uses*

The School Corporation had not properly designed or implemented internal controls to ensure that other financing sources and uses were properly recorded. An oversight or review process had not been established to ensure School Board approved transfers were posted in a timely manner. Due to the lack of effective internal controls, transfers approved by resolution at the August 2, 2018 (effective date of January 1, 2019) School Board meeting to close out the General, Transportation Operations, and School Bus Replacement funds, totaling \$3,262,355, were not posted to the ledger until July 1, 2019.

*Financial Reporting*

The School Corporation had not properly designed or implemented internal controls to ensure that the financial statement was accurate, complete, and agreed with the accounting records. There was no evidence of an oversight or review process to prevent, or detect and correct, errors.

Due to the lack of effective internal controls, the financial statement included the following errors:

- Beginning cash and investments balances were overstated in total by \$2,099,561.
- Operations fund receipts and disbursements were overstated by \$5,321,203 and \$1,142,531, respectively, for fiscal year 2019-2020.
- Payroll Clearing fund receipts and disbursements were understated by \$3,990,160 and \$3,998,963, respectively, for 2019-2020; and understated by \$3,047,594 and \$2,893,549, respectively, for 2020-2021.
- Several additional funds had individually immaterial errors that resulted in aggregate misstatements of receipts and disbursements of \$1,185,265 and \$1,256,407, respectively, for 2019-2020; and \$16,609 and \$161,940, respectively, for 2020-2021.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

*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.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 5-11-1-4(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 had not established an effective system of internal control that would have ensured timely recording of transfers and proper reporting of the financial statement.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements or irregularities 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.

**FINDING 2021-002**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-002.

*Condition and Context*

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

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

1. The School Breakfast Program was omitted, which understated expenditures by \$100,849.
2. The National School Lunch Program was omitted, which understated expenditures by \$691,571.
3. Title I Grants to Local Educational Agencies expenditures were understated by \$200,921.
4. Several additional grants had individually immaterial errors that resulted in an aggregate misstatement of expenditures of \$127,750.

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

*Criteria*

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; . . ."

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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. 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 Assistance Listings Number or other identifying number when the Assistance Listings 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(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."

*Cause*

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without a proper system of internal control 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.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2021-003**

Subject: Special Education Cluster - Period of Performance  
Federal Agency: Department of Education  
Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
Assistance Listings Numbers: 84.027, 84.173  
Federal Award Numbers and Years (or Other Identifying Numbers): 20611-152-PN01, 20619-152-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Period of Performance  
Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure that costs were not incurred prior to the start of the period of performance for two of four grants.

The lack of internal controls was isolated to the 20611-152-PN01 and 20619-152-PN01 grant awards.

*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). . . ."

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Period of Performance 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 2021-004**

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  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): SY 19-20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

*Condition and Context*

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 Eligibility compliance requirement.

The School Corporation could not provide documentation supporting the eligibility for 13 of 40 students that received free or reduced-price meals for fiscal year 2019-2020. Of the 27 students for which documentation was provided, the School Corporation could not provide documentation that the benefits were paid properly. Due to the lack of supporting documentation we were unable to determine the School Corporation's compliance with the Eligibility compliance requirement.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6(e) states:

"*Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

*Cause*

Management had not developed an effective system of internal control that would have ensured documentation was maintained and made available for audit related to the Eligibility compliance requirement.

*Effect*

The failure to establish an effective internal control system, as well as adequately document eligibility determinations and benefit payments, prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls and ensure documentation is maintained and made available for audit in order to comply with 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.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2021-005***

Subject: Child Nutrition Cluster - Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Service Accounts

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

Assistance Listings Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 19-20, SY 20-21

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Service Accounts

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report related to lack of internal controls over Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2019-004.

*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 Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Service Accounts compliance requirements.

*Cash Management*

The School Corporation had not designed or implemented a system of internal control to ensure that reimbursement requests were accurately submitted. The reimbursement requests were prepared by one employee based on meals served without an oversight or review process.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

The School Corporation had not designed or implemented a system of internal control to ensure the Verification of Free and Reduced Price applications were accurately completed. One employee selected and verified the required sample of approved free and reduced-price applications without an oversight or review process.

*Special Tests and Provisions - School Food Service Accounts*

The School Corporation had not designed or implemented a system of internal control to ensure federal reimbursement payments were promptly credited to the School Lunch fund or that transfers out of the School Lunch fund were for the benefit of the school food service program. One employee recorded federal reimbursements and transfers out of the School Lunch fund without an oversight or review process.

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

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over 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 or implemented a system of internal control that would have ensured compliance with the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and the Special Tests and Provisions - School Food Service Accounts compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and the Special Tests and Provisions - School Food Service Accounts compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications(NSLP), and the Special Tests and Provisions - School Food Service 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.

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2021-006**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
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  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 19-20, SY 20-21  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not designed or implemented a system of internal control to ensure disbursements to contracted vendors agreed to the contracted price. For 6 of 13 contracted vendor invoices tested, incorrect rates were paid.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. . . .

(g) Be adequately documented. . . ."

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles 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 control to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2019-001** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2013

Status of Audit Finding: This repeat finding has been completed and resolved in May 2020 with the exception of Financial Reporting. A financial consultant worked with Eastern Pulaski Community School Corporation to gather accurate reports to use with reconciling each month. The school corporation now has a procedure in place that reconciliation is completed and given to the Superintendent by the 5<sup>th</sup> day of the next month or the following work day (depending if it is on a weekend.) Multiple reports are run and kept with the bank reconciliation each month as well. There is a running excel document that is used month to month for the reconciliation process that has beginning and ending balances from the bank statement(s), a running total of outstanding checks, beginning and ending balances of the fund report as well. All reports help balance each month to the penny. The reports run for the reconciliation process is a Fund Report, Receipts, Disbursements, Appropriations Report and a Liability Report. The fund report is provided to the Superintendent each month and is also included in the school board financial packet so a review of the cash position is undertaken each month. An Appropriations Report is also included so the Superintendent can review year-to-date spending and determine if the district is on target financially to meet future obligations. All receipts are entered the day money is received and ACH deposits are also entered on the day they hit the bank. ACH Deposits include grant reimbursements, Revtrak, and ClaimAid reimbursements to name a few. Once the reconciliation process is completed and balanced, the Treasurer will give all documentation to the Superintendent for review and approval. Both individuals sign off on the reconciliation document containing balances and outstanding checks, each bank statement and the Fund Report each month.

#### *Receipts*

As of May 2020, receipts are properly recorded. The Treasurer ensures receipts are entered the day money is received or by the date of an ACH Deposit from reviewing the bank activity each day. The Treasurer will enter and post each receipt and sign off. She will then give the receipt and all documentation of the receipt to the Human Resources Specialist for review and also to sign off on each one. If the Human Resources Specialist is not in the office a day receipts are entered and posted, the Superintendent will review and approve for accuracy.

#### *Disbursements*

A process has been implemented as of May 2020 to ensure accurate disbursements are properly recorded. All invoices and quotes are entered through Skyward as a Purchase Order and goes through an approval process so multiple eyes are on the invoice or quote before it is approved. The following individuals have access to enter Purchase Orders: each building Secretary, the ECA Treasurer, the Media Center Specialist, the Special Education Secretary, the Data Specialist, IT Director and the Treasurer. When a Purchase Order is entered into the software, the Principal or Director will approve the Purchase Order and then the Superintendent would be the final approval. The Treasurer is also an approver as long as she did not enter the Purchase Order. Once all approvals are made, the Treasurer prints out a copy of the Purchase Order and will make two additional copies in two different colors. Two of the copies go with the invoice when it is received and ready to be paid; one copy is for the originators records. If the Treasurer is entering the Purchase Order, the Superintendent approves the invoice or quote and the same process is done. Once the Purchase Order has an invoice attached and is okay to pay by the originator, it can then be entered into the Accounts Payable Screen. Once an order number is entered into this screen, all the items of the Purchase Order populate on the screen. The invoice will sit in Accounts Payable until the next board meeting. Once the invoices are run through the Accounts Payable system, the Purchase Orders can then go through a process to move them to history. All Purchase Orders keep record of the change, print and approval history with time-stamping as well.



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## *Other Financing Sources and Uses*

This implementation was completed in May 2020. All transfers or journal entries are done within the month that it should be completed in. It is entered and posted by the Treasurer with the approval and signature of the Superintendent. The transfer from the education to the operations fund (IC 20-42.4) from January 1 to December 31<sup>st</sup> is also done monthly with the signatures of Treasurer and the Superintendent. This is reviewed monthly to ensure that the school does not transfer more than fifteen percent of the education fund revenue received. When Skyward was first implemented, many journal entries were done throughout the month to correct things. Now, journal entries are rarely done because of the accuracy of having salaries and disbursements go to the correct account number. If journal entries are posted, the Treasurer will do so, sign off and have the Superintendent review and approve as well.

## *Financial Reporting*

In FY 2021, controls were implemented to ensure proper reporting in Gateway. We are still working to get a better handle on the Payroll Clearing reporting. With the many calls put into Skyward and with the assistance of the financial consultant, the school corporation now has accurate reports we utilize weekly and monthly to confirm reporting is accurate. The Superintendent and Treasurer regularly review reports pulled from Skyward to make sure all the information is pulling correctly. We have reports for each grant reimbursement we receive so we can pull data quickly and know the information is accurate, for example.

### **FINDING 2019-002** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2013

Status of Audit Finding: This finding is still being corrected. All items are being uploaded to Gateway each month with an accurate Fund Report. All grants that are reimbursable are done at the end of each month, but no more than two months behind. This helps ensure accurate reporting when questions arise concerning the various grant opportunities Eastern Pulaski Schools are given. We are working to get a better handle on the Cafeteria reporting and reimbursements for the Schedule of Expenditures of Federal Awards (SEFA).

### **FINDING 2019-003** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2013

Status of Audit Finding: This finding is still being corrected. Eastern Pulaski Schools have hired an outside consultant to review the Food Service processes and procedures. They will give the school corporation recommendations on how to better serve our students and put processes in place to correct these findings. The Food Service Director has worked with Skyward to run the Free/Reduced application process online and processed through Skyward. Beginning the beginning of the 2020-2021 school years, the eligibility is checked over by the Food Service Director and the Treasurer/Corporation Secretary will review eligibility status as well. Paper applications are also given to the school corporation as well, but most parent(s)/guardians are utilizing the online application to help document changes and regular updates to the applications and Skyward.

### **FINDING 2019-004** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: This finding is still being corrected. The Food Service Director has been working with Skyward on best practices to utilize the reports and verification process in Skyward to ensure accurate verification is being completed of Free and Reduced Price Applications (NSLP). Once the Food Service Director has completed the verification steps, the Treasurer will then review those to make certain the eligibility determinations for free and reduced meal prices are accurate in the child's profile and in Skyward.

### **FINDING 2019-005** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2013

Dara Chezem, Superintendent | Stefanie Grandstaff, Treasurer  
Katie DeGroot, Human Resources Specialist | Jessica Polstra, Corporation Secretary



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Status of Audit Finding: This finding is still being corrected. The financial consultant came to the school corporation in May 2020. She recommended ways to show monthly cash balances and transfers from the cafeteria holding account (8400) to the Elementary Cafeteria fund number and the Middle/High Cafeteria fund number. We are still fine-tuning those numbers and reports to get more accurate numbers. The Fund Report also helps in ensuring that transfers are made or the cafeteria holding account is not showing too much in the account. The Treasurer has also been keeping a monthly total of receipts, expenditures and transfers from the cafeteria accounts and matching it back to the fund report. This is useful for when the Food Service Annual Financial Report needs to be submitted, most of the documentation and numbers are already attached in a spreadsheet. Monthly reports are ran to match receipts and disbursements to the fund report as well. The Treasurer will be working with the recommendations made by the outside consulting team to better track and report Cafeteria balances.

**FINDING 2019-006** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: SY 2015

Status of Audit Finding: This finding is corrected. The financial consultant that came in May 2020 recommended ways of implementing adequate controls to ensure the program income is recorded correctly. At the month end, a transfer is completed by the Treasurer and reviewed by the Superintendent showing that the sales of the meals for that month are going out of the holding account and into the two Cafeteria fund numbers properly.



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## CORRECTIVE ACTION PLAN

### **FINDING 2021-001**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer  
Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Resolutions going through the Board will be completed in a timely manner. All transfers from one fund to another will go through the approval process at each board meeting if a transfer was completed during that month. Financial reporting is being monitored and reviewed carefully by the Superintendent once the Treasurer gathers all the information and before submitting the reports. This ensures effective internal controls are in place and two separate set of eyes are on the reporting documents.

Anticipated Completion Date: June 30, 2022.

### **FINDING 2021-002**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer  
Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Preparations of the Schedule of Federal Awards is being worked on more carefully. The Treasurer understands what is needed to correctly report the Schedule of Federal Awards, as well as working on a spreadsheet to monitor the activity on a month by month basis for more accurate reporting. The Treasurer and Superintendent are comparing the reports pulled in Skyward, with the spreadsheet and the Fund Report to accurately report the information needed for the Schedule of Federal Awards entered on the Annual Financial Report. The Treasurer is working diligently to report accurate information for the upcoming Annual Financial Report.

Anticipated Completion Date: June 30, 2022

/

### **FINDING 2021-003**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer  
Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Corrective Action has already taken place. During the audit period, the corporation was not claiming reimbursement for costs incurred prior to the start of the grant. The Treasurer now works closely with the Superintendent towards the end of each month to pull reports from Skyward for each grant Eastern Pulaski Community School Corporation was awarded and compares that to the accurate fund report. The

Dara Chezem, Superintendent |

Stefanie Grandstaff, Treasurer | Jessica Polstra, Corporation Secretary



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Treasurer prepares the documents for the reimbursements monthly, with the second approval and signature provided by the Superintendent. If the Superintendent is out of the office, the Human Resources Specialist will approve the documents, reimbursement forms, and the fund report to ensure accuracy before signing off on the documentation. All reimbursement forms show supporting documentation and are submitted in a timely manner.

Anticipated Completion Date: August 30, 2021

## **FINDING 2021-004**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer  
Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will be working more closely with the Food Service Director to provide guidance and internal controls for the Child Nutrition Cluster Program. Eastern Pulaski Community School Corporation is partnering with NIESC to ensure compliance and accuracy moving forward. Calls and additional support from Skyward will be used to run the most accurate reports for the Child Nutrition Cluster Program. This will help track data better and run processes such as eligibility through Skyward instead of by hand. The Food Service Director will keep documentation as a PDF copy and a printed copy in the director's office so if questions arise, documentation can be provided.

Anticipated Completion Date: August 30, 2022

## **FINDING 2021-005**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer  
Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The cash management portion of the finding already has a corrective action plan in place. The Food Service Director requests reimbursement monthly, and the Superintendent spot checks that the requests have been made in a timely manner.

*Special Tests and Provisions – Verification of Free and Reduced-Price Applications (NSLP).* The Food Service Director will utilize Skyward for the Verification process of Free and Reduced Applications. Once all the reports are completed by the Food Service Director, he/she will then bring all documents and supporting documentation to the Central Office for the Treasurer to check over the forms and ensure accuracy within the processes of Skyward.

*Special Tests and Provisions – School Food Service Accounts.* This part of the finding already has a corrective action plan in place. The Treasurer gets notified when reimbursement payment are credited to the School Lunch Program through 1<sup>st</sup> Source Bank. The Treasurer enters the reimbursement amounts into Skyward from the documentation provided by the Food Service Director. Once the receipt(s) are entered and posted, two signatures are written on the receipt. One signature is the Treasurer, and once the Human Resources Specialist reviews the amount and account number, she will sign off on the receipt as well. If the Human Resources Specialist is unavailable, the Superintendent will review, approve and sign off on the receipt to ensure two individuals are reviewing the information.

Dara Chezem, Superintendent |

Stefanie Grandstaff, Treasurer | Jessica Polstra, Corporation Secretary



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Anticipated Completion Date: August 30, 2022

## **FINDING 2021-006**

Contact Person Responsible for Corrective Action: Stefanie Grandstaff, Treasurer

Contact Phone Number: (574)-946-4010 ext. 230

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The corporation is working with Gordon Food Service and HPS to work through the incorrect rates being paid during the audit period. The Food Service Director will be monitoring closely the rates for the upcoming school year to ensure accuracy from the beginning of the school year. The Food Service Director will house all the contracts and documents provided by the vendor at the start of each school year. The Central Office will also keep a copy of the contracts and documents as a backup. The Treasurer will review invoices with the Food Service Director to confirm the correct and agreed upon pricing is being charged to the corporation.

Anticipated Completion Date: August 30, 2022

Dara Chezem, Superintendent |  
Stefanie Grandstaff, Treasurer | Jessica Polstra, Corporation Secretary

## 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/>.