

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

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



**FILED**  
06/21/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kellie Romer	07-01-19 to 06-30-22
Superintendent of Schools	Jeffrey L. Hubble Jeff Gibboney	07-01-19 to 06-30-20 07-01-20 to 06-30-22
President of the School Board	Michael White	07-01-19 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 GREENCASTLE COMMUNITY  
SCHOOL CORPORATION, PUTNAM 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 Greencastle 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 12, 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 item 2021-001, that we consider to be material weaknesses.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

***Greencastle 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 12, 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 GREENCASTLE COMMUNITY SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

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

We have audited the Greencastle 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. 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.

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

As described in item 2021-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to the Child Nutrition Cluster. Compliance with the requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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 Special Education Cluster (IDEA)***

As described in item 2021-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to the Special Education Cluster (IDEA). Compliance with the requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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

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

***Qualified Opinion on Special Education (IDEA) Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education (IDEA) 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 Special Education (IDEA) Cluster for the period of July 1, 2019 to June 30, 2021.

***Other 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.

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)

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 2021-002 and 2021-003, 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 12, 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 12, 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.

GREENCASTLE 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>							
Child Nutrition Cluster							
School Breakfast Program School Breakfast Program	Indiana Department of Education	10.553	FY 2020	\$ -	\$ 85,890	\$ -	\$ -
COVID-19 - School Breakfast Program School Breakfast Program	Indiana Department of Education	10.553	FY 2020	-	7,227	-	-
Total - School Breakfast Program				-	93,117	-	-
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	306,711	-	-
After School Snack Program			FY 2020	-	3,801	-	-
After School Snack Program			FY 2021	-	-	-	3,141
Commodities			FY 2020, FY 2021	-	91,956	-	98,066
Sub-Total National School Lunch Program				-	402,468	-	101,207
COVID-19 - National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	24,682	-	-
After School Snack Program			FY 2020	-	276	-	-
After School Snack Program			FY 2021	-	-	-	1,496
Total - National School Lunch Program				-	427,426	-	102,703
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020	-	45,324	-	-
Summer Food Service Program for Children			FY 2021	-	-	-	702,808
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020	-	222,718	-	-
Summer Food Service Program for Children			FY 2021	-	-	-	452,838
Total - Summer Food Service Program for Children				-	268,042	-	1,155,646
Total - Child Nutrition Cluster				-	788,585	-	1,258,349
Total - Department of Agriculture				-	788,585	-	1,258,349
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY2018 Federal Part B 611 Grant	Indiana Department of Education	84.027	18611-079-PN01	-	192,813	-	-
FY2019 Federal Part B 611 Grant			19611-079-PN01	-	393,783	-	112,542
FY2020 Federal Part B 611 Grant			20611-082-PN01	-	-	-	382,567
Total - Special Education Grants to States				-	586,596	-	495,109
Special Education Preschool Grants							
FY2018 Federal Preschool 619 Grant	Indiana Department of Education	84.173	18619-079-PN01	-	5,026	-	-
FY2019 Federal Preschool 619 Grant			19619-079-PN01	-	10,946	-	11,397
FY2020 Federal Preschool 619 Grant			20619-082-PN01	-	-	-	17,519
Total - Special Education Preschool Grants				-	15,972	-	28,916
Total - Special Education Cluster (IDEA)				-	602,568	-	524,025

GREENCASTLE 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	Indiana Department of Education						
Title I 2018-2019		84.010	S010A180014	-	107,298	-	-
Title I 2019-2020			S010A190014	-	174,892	-	97,797
Title I 2020-2021			S010A200014	-	-	-	223,139
Total - Title I Grants to Local Educational Agencies				-	282,190	-	320,936
Education for Homeless Children and Youth Homeless Children and Youth Program	Indiana Department of Education	84.196	S196A180015	-	15,000	-	-
Twenty-First Century Community Learning Centers	Indiana Department of Education						
21st CCLC		84.287	S287C200014	-	-	-	174,266
21st CCLC			S287C180014	-	131,950	-	43,050
21st CCLC			S287C170014	-	38,386	-	-
Total - Twenty-First Century Community Learning Centers				-	170,336	-	217,316
Supporting Effective Instruction State Grants	Indiana Department of Education						
2016-2018 Title II Part A		84.367	S367A170013	-	10,153	-	-
2018-2020 Title II Part A			S367A180013	-	50,774	-	793
2019-2021 Title II Part A			S367A190013	-	-	-	66,342
2020-2021 Title II Part A			S367A200013-20A	-	-	-	31,570
Total - Supporting Effective Instruction State Grants				-	60,927	-	98,705
Student Support and Academic Enrichment Program	Indiana Department of Education						
2017-2018 Title IV Part A		84.424	S424A170015	-	69,245	-	-
2018-2019 Title IV Part A			S424A180015	-	19,324	-	1,045
2019-2020 Title IV Part A			S424A190015	-	-	-	21,107
2020-2021 Title IV Part A			S424A200015	-	-	-	7,881
Total - Student Support and Academic Enrichment Program				-	88,569	-	30,033
Education Stabilization Fund	Indiana Department of Education						
GEER Grant		84.425	S425C200018	-	-	-	50,207
ESSER I-CARES I			S425D200013	-	-	-	157,727
ESSER II-CARES II			S425D210013	-	-	-	458
Total - Education Stabilization Fund				-	-	-	208,392
Total - Department of Education				-	1,219,590	-	1,399,407
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration						
Medical Assistance Program		93.778	FY 2020	-	6,885	-	-
Medical Assistance Program			FY 2021	-	-	-	10,412
Total - Medical Assistance Program				-	6,885	-	10,412
Total - Medicaid Cluster				-	6,885	-	10,412
Total - Department of Health and Human Services				-	6,885	-	10,412
Total federal awards expended				\$ -	\$ 2,015,060	\$ -	\$ 2,668,168

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

GREENCASTLE 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.

GREENCASTLE 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)	Qualified
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: 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 an effective system of internal control 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 internal control process in place did not prevent, or detect and correct, material misstatements in the grant information entered into Gateway.

GREENCASTLE 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 Special Education Cluster (IDEA) expenditures were overstated by \$340,206 for fiscal year 2019-2020.
2. Seven federal grants had individually immaterial errors, which resulted in misstatements of expenditures in the amount of \$95,502 for 2019-2020.
3. Seven federal grants had individually immaterial errors, which resulted in misstatements of expenditures in the amount of \$116,701 for 2020-2021.
4. Other errors included incorrect or omitted program names, pass-through entity names, and identifying numbers.

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

*Criteria*

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 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:

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

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

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.

GREENCASTLE 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 contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

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

**FINDING 2021-002**

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  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020, FY 2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 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 Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the requirements for procurements, which fell under the small purchases and micro-purchases procedures.

The School Corporation did not obtain quotes from an adequate number of qualified sources for all small purchases tested.

*Suspension and Debarment*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with suspension and debarment requirements.

The School Corporation did not perform procedures to verify that the vendor was not suspended or debarred from participation in federal programs for one of three vendor contracts tested.

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

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 200.320 states in part:

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

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

2 CFR 180.300 states:

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

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

*Cause*

Management had not developed a system of internal control 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.

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

*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 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 2021-003**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 18611-079-PN01, 18619-079-PN01,  
19611-079-PN01, 19619-079-PN01,  
20611-082-PN01, 20619-082-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-009.

*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.

*Procurement*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the requirements for procurements which fell under the small purchases and micro-purchases thresholds.

The School Corporation did not comply with the procurement requirements for small purchases. For all small purchases tested during the audit period, quotes were not obtained from an adequate number of qualified sources and/or the documentation to support the rationale to limit competition was not available for audit.

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

*Suspension and Debarment*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the suspension and debarment requirements. The School Corporation did not perform procedures to verify that the vendor was not suspended or debarred from participation in federal programs for one of the three vendor contracts tested.

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). . . ."

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

*Cause*

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

GREENCASTLE 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 a system of internal control 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.

#### AUDITEE-PREPARED DOCUMENTS

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



## GREENCASTLE COMMUNITY SCHOOL CORPORATION

1002 Mill Pond Lane, P.O. Box 480, Greencastle, IN 46135

Phone: 765.653.9771 www.greencastle.k12.in.us Fax: 765.653.1282

**Jeff Gibboney, Superintendent**

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***Finding 2019-001***

***Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17***

Status of Audit Finding: Corrective action plan has been fully implemented and was in effect for the 19-20, 20-21 audit years.

***Finding 2019-002***

***Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15***

Status of Audit Finding: Corrective action plan has been partially implemented and was in effect for the 20-21 audit years.

***Finding 2019-003***

***Fiscal year in which the finding initially occurred: 7/1/17 to 6/30/19***

Status of Audit Finding: This finding was corrected up to the beginning of the COVID pandemic. All financial information was/is still provided to the School Lunch Director, but with the rapid changes to school lunch and curb side programs to maintain child nutrition, the spreadsheets were not maintained. The corrective action plan was only in effect approximately two months after the 17-18 and 18-19 audit.

***Finding 2019-004***

***Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17***

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Status of Audit Finding: Corrective action plan has not been fully implemented and was not in effect for all vendors for the 19-20, 20-21 audit years. The SAM.gov suspension and debarment for school lunch is to be done by the school lunch director.

***Finding 2019-005***

***Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15***

Status of Audit Finding: Corrective action plan has been fully implemented and was in effect the 19-20, 20-21 audit years beginning March 2020.

***Finding 2019-006***

***Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15***

Status of Audit Finding: Corrective action plan has been fully implemented and was in effect beginning with applications for the 21-22 year due to COVID-19 delays and all students receiving free meals for the 20-21 year.

***Finding 2019-007***

***Fiscal year in which the finding initially occurred: 7/1/17 to 6/30/19***

Status of Audit Finding: Corrective action plan has been fully implemented and was in effect the 19-20, 20-21 audit years beginning January 2020.

***Finding 2019-008***

***Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17***

Status of Audit Finding: Corrective action plan was in place for the current audit period. .

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### *Finding 2019-009*

*Fiscal year in which the finding initially occurred: 7/1/15 to 6/30/17*

Status of Audit Finding: This audit finding has been partially corrected. The corrective action plan is still in the process of being implemented.

### *Finding 2019-010*

*Fiscal year in which the finding initially occurred: 7/1/17 to 6/30/19*

Status of Audit Finding: Corrective action plan has been fully implemented and was in effect the 19-20, 20-21 audit years.

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### CORRECTIVE ACTION PLAN

#### ***FINDING 2021-001***

Contact Person Responsible for Corrective Action: Kellie Romer (Corporation Treasurer/Finance Director)

Contact Phone Number: 765-653-9771 Ext. 1010

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The Schedule of Expenditures of Federal Awards (SEFA) will be reviewed and verified by the superintendent or assistant superintendent before submitting

Anticipated Completion Date: Immediately 5/12/2022

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**Jeff Gibboney, Superintendent**

### CORRECTIVE ACTION PLAN

#### **FINDING 2021-002**

Contact Person Responsible for Corrective Action: Debbie Carrico (Food Services Director) Kellie Romer (Corporation Treasurer/Finance Director)

Contact Phone Number: 765-653-9771 Ext. 1010

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The procurement (small and micro purchases) and suspension and debarment processes will be verified by a two-person internal control; the food services director and food services assistant, finance director or deputy treasurer. We will also establish a process to address small and micro purchases. This would include acquiring bids for any combined expenditure(s) over a \$150,000, acquiring quotes for any small purchase(s) between \$10,000 and \$150,000, and documenting equitable distribution among vendors concerning any micro purchases under \$10,000. All vendor contracts will be approved yearly. All quotes and purchases will be verified by two-person internal control.

Anticipated Completion Date: Immediately 5/12/2022

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**Jeff Gibboney, Superintendent**

### CORRECTIVE ACTION PLAN

#### ***FINDING 2021-003***

Contact Person Responsible for Corrective Action: Kim Sullivan (Corporation Special Services Director)  
Kellie Romer (Corporation Treasurer/Finance Director)

Contact Phone Number: 765-653-9771 Ext. 1010

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The procurement (small and micro purchases) and suspension and debarment processes will be verified by a two-person internal control; the special services director and finance director or deputy treasurer. We will also establish a process to address small and micro purchases. This would include acquiring bids for any combined expenditure(s) over a \$150,000, acquiring quotes for any small purchase(s) between \$10,000 and \$150,000, and documenting equitable distribution among vendors concerning any micro purchases under \$10,000. All vendor contracts will be approved yearly. All quotes and purchases will be verified by two-person internal control.

Anticipated Completion Date: Immediately 5/12/2022

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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/>.