

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

LAPORTE COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/23/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-26
Auditee-Prepared Document:	
Corrective Action Plan	28-33
Other Reports.....	34

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rachel Dutoi	07-01-19 to 06-30-22
Superintendent of Schools	Dr. Theodore Stevens	07-01-19 to 06-30-22
President of the School Board	Dominic Notaro Geraldine Grott Steven Koontz Deborah Allen	07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 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 SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the South Central 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 18, 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 item 2021-002.

South Central 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 18, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the South Central 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 its major federal program for the period of July 1, 2019 to June 30, 2021. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2019 to June 30, 2021.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004, 2021-005, and 2021-006. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 18, 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 18, 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.

SOUTH CENTRAL 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	\$ -	\$ 11,083	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	-	26,830	-	-
School Breakfast Program			FY 2020-2021	-	-	-	11,019
School Breakfast Program							
Total - School Breakfast Program				-	37,913	-	11,019
National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	113,851	-	-
National School Lunch Program			FY 2019-2021	-	32,750	-	45,602
National School Lunch Program - Commodities							
Sub Total - National School Lunch Program				-	146,601	-	45,602
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	58,378	-	-
National School Lunch Program			FY 2020-2021	-	-	-	30,755
National School Lunch Program							
Total - National School Lunch Program				-	204,979	-	76,357
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020-2021	-	-	-	288,260
Summer Food Service Program							
Total - Child Nutrition Cluster				-	242,892	-	375,636
Total - Department of Agriculture				-	242,892	-	375,636
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2019 Federal Part B 611 Grant			19611-055-PN01	-	110,925	-	-
FY 2020 Federal Part B 611 Grant			20611-053-PN01	-	84,383	-	109,676
FY 2021 Federal Part B 611 Grant			21611-053-PN01	-	-	-	77,354
Total - Special Education Grants to States				-	195,308	-	187,030
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2018 Federal Preschool 619 Grant			18619-055-PN01	-	1,671	-	-
FY 2019 Federal Preschool 619 Grant			19619-055-PN01	-	4,832	-	-
FY 2019 Federal Preschool 619 Grant			21619-053-PN01	-	-	-	2,536
FY 2020 Federal Preschool 619 Grant			20619-053-PN01	-	-	-	4,866
Total - Special Education Preschool Grants				-	6,503	-	7,402
Total - Special Education Cluster (IDEA)				-	201,811	-	194,432

SOUTH CENTRAL 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	84.010					
2017 Title I Part A Basic Grant			S010A170014	-	13,236	-	-
2018 Title I Part A Basic Grant			S010A180014	-	88,043	-	-
2019 Title I Part A Basic Grant			S010A190014	-	36,405	-	37,628
2020 Title I Part A Basic Grant			S010A200014	-	-	-	44,399
Total - Title I Grant to Local Educational Agencies				-	137,684	-	82,027
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2018 Title II, Part A			7000S367A180013	-	16,546	-	-
2019 Title II, Part A			7000S367A190013	-	-	-	13,314
2020 Title II, Part A			7000S367A200013	-	-	-	2,922
Total - Supporting Effective Instruction State Grants				-	16,546	-	16,236
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A 2019-2021			05268080119	-	5,188	-	5,087
Education Stabilization Fund	Indiana Department of Education	84.425					
CARES Act: Elementary and Secondary School Emergency Relief Fund (ESSERF)			S425D200013	-	-	-	63,789
Digital Learning Capacity Building Grant			S425D200013	-	-	-	21,281
Total - Education Stabilization Fund				-	-	-	85,070
Total - Department of Education				-	361,229	-	382,852
<u>Department of Health and Human Services</u>							
Injury Prevention and Control Research and State and Community Based Programs	Indiana Department of Education	93.136					
Title IV CURES 20-21			70093136ODDTA20	-	-	-	25,000
Medicaid Cluster		93.778					
Medical Assistance Program							
Medicaid - IEP	Indiana Family Social Services Administration		FY 2020, FY 2021	-	2,882	-	3,137
Medicaid - MAC	Indiana Department of Education		FY 2020, FY 2021	-	4,792	-	8,175
Total - Medical Assistance Program				-	7,674	-	11,312
Total - Medicaid Cluster				-	7,674	-	11,312
Total - Department of Health and Human Services				-	7,674	-	36,312
Total federal awards expended				\$ -	\$ 611,795	\$ -	\$ 794,800

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

SOUTH CENTRAL 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.

Note 3. LaPorte County Special Education Cooperative

The School Corporation is a member of the LaPorte County Special Education Cooperative (Cooperative). As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

SOUTH CENTRAL 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 program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2021-001

Subject: Financial Reporting
Audit Finding: Material Weakness

Condition and Context

The School Corporation had a review process in place over financial reporting; however, it was not properly implemented to ensure the accuracy of the financial statement. For fiscal year 2020-2021, no supporting reports or ledgers were provided to the reviewer to ensure accuracy of the financial information reported for the financial statement.

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

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. . . ."

Cause

Management had not established a proper system of internal control over financial reporting.

Effect

The failure to implement an effective system of internal control could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

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

Condition and Context

The School Corporation had not established internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA. The Corporation Treasurer prepared the SEFA without an oversight or review process in place.

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

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

1. The Child Nutrition Cluster - School Breakfast Program expenditures were overstated by \$36,678.
2. The Child Nutrition Cluster - School Lunch Program expenditures were overstated \$216,070.
3. The Child Nutrition Cluster - Summer Food Service Program for Children expenditures were understated by \$288,260.
4. The Title I Grants to Local Educational Agencies expenditures were understated by \$87,289.
5. The Supporting Effective Instruction State Grants expenditures were overstated by \$87,948.
6. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$18,737, in total.
7. Other errors included incorrect program names, pass-through entities, and identifying numbers.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.61 states:

"Internal controls. Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations."

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."

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

Cause

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

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: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Procurement and Suspension and Debarment, Program
Income, Special Tests and Provisions - School Food Service Accounts

Audit Finding: Material Weakness

Condition and Context

The School Corporation did not have internal controls in place to ensure compliance with requirements related to the grant agreement and the Cash Management, the Procurement and Suspension and Debarment, the Program Income, and the Special Tests and Provisions - School Food Service Accounts compliance requirements.

Cash Management

The School Corporation did not have effective internal controls in place to ensure compliance with cash management. The Food Service Director prepared the monthly claims for reimbursement (claims) without proper review or oversight to ensure the accuracy of the reimbursement claim. A copy of the monthly claim was provided to the Treasurer, who signed it to document her review. However, the Treasurer was not provided meal count reports supporting the number of meals submitted, and, therefore, could not verify the accuracy of the meal counts submitted by the Food Service Director.

Procurement (Exceeds Simplified Acquisition)

The School Corporation did not have internal controls in place over the Service Center Food Procurement Co-Op Agreement for fiscal year 2020-2021 to ensure vendors covered in the agreement were properly procured.

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

Suspension and Debarment

The School Corporation did not have internal controls in place over the Service Center Food Procurement Co-Op Agreement for 2020-2021 to ensure vendors covered in the agreement were not suspended or debarred from participation in federal award programs.

Program Income

Assessing Program Income - The School Corporation did not have documented internal controls to ensure the prices charged for meals and ala carte items served were accurately entered into the food service point of sale system.

Recording Program Income - The School Corporation did not have a documented internal control system in place over the receipting of program income. Program income receipts were recorded by the Treasurer's office, without documentation of oversight or review.

Special Tests and Provisions - School Food Service Accounts

The School Corporation did not have documented internal controls in place to ensure federal reimbursements were receipted timely.

The lack of internal controls related to the Cash Management, the Program Income, and the Special Tests and Provisions - School Food Service Accounts compliance requirements were systemic issues throughout the audit period. The lack of internal controls related to the Procurement and Suspension and Debarment compliance requirement were isolated to 2020-2021.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Cash Management, the Procurement and Suspension and Debarment, the Program Income, 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, the Procurement and Suspension and Debarment, the Program Income, and the Special Tests and Provisions - School Food Service Accounts compliance requirements.

SOUTH CENTRAL 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 internal controls to ensure compliance with the grant agreement and the Cash Management, the Procurement and Suspension and Debarment, the Program Income, 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.

FINDING 2021-004

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income

Federal Agency: Department of Agriculture

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

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Program Income

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation did not have effective internal controls in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles and the Program Income compliance requirements.

Vendor Disbursements

The School Corporation did not have effective internal controls in place to ensure the costs paid from the Food Service fund were allowable costs, and the use of program income was in accordance with the grant agreement. The School Corporation did not closely monitor prices to ensure that the prices paid stayed concurrent with agreed upon prices in the contract. The School Corporation paid vendors for items that did not agree to the contracted price for those items.

Payroll Disbursements

The School Corporation did not have effective internal controls in place to ensure payroll disbursements paid from the Food Service fund were allowable costs, and the use of program income was in accordance with the grant agreement.

There were six employees, in total, during the audit period that were paid from the Food Service fund (800) that did not have proper documentation (such as a timecard or time and effort logs) that reflected time spent in the cafeteria. Those employees included Instructional Aides, Sub Bus Drivers, and Sub Custodians.

SOUTH CENTRAL 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 200.307(e) states in part:

"Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. . . . When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures. . . ."

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. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

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

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

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

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 and the Program Income compliance requirements.

Effect

The failure to establish an effective system of internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles and the Program Income compliance requirements 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 Allowable Costs/Cost Principles and the Program Income compliance requirements.

Views of Responsible Officials

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

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

FINDING 2021-005

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,
National School Lunch Program, COVID-19 - National School
Lunch Program, Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation did not have effective internal controls in place to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The School Corporation used a food service software which automatically made eligibility determinations dependent upon the information entered in the software by applicants or school personnel. The School Corporation did not have a system of oversight or review to ensure that the federal income guidelines entered in the software program agreed to the guidelines set forth by the Indiana Department of Education.

The School Corporation did not have a system of oversight or review to ensure direct certification listings were uploaded properly to the food service software. The School Corporation did not run/upload the direct certification reports at or around the beginning of the year, three months after the initial effort, and six months after the initial effort, as required by the grant agreement. The direct certification process for fiscal year 2019-2020 was completed in August 2019 and September 2019. For 2020-2021, the direct certification process was completed in July 2020, August 2020, October 2020, and April 2021. In addition, there was no year-to-date report run for direct certifications.

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). . . ."

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

7 CFR 245.6(b)(3) states:

"Frequency of direct certification contacts with SNAP.

- (i) Until School Year 2011-2012, local educational agencies must conduct direct certification activities with *SNAP* at least at the beginning of the school year.
- (ii)
 - (A) Beginning in School Year 2011-2012, at a minimum, all local educational agencies must conduct direct certification as follows:
 - (1) At or around the beginning of the school year;
 - (2) Three months after the initial effort; and
 - (3) Six months after the initial effort.
 - (B) The information used shall be the most recent available.
- (iii) The names of all newly enrolled children and all children not certified for free meals shall be submitted for the direct certification required in paragraph (b)(3)(ii)(B) and paragraph (b)(3)(ii)(C) of this section. Newly enrolled children must be provided with application materials in order to alleviate a delay in receipt of free meals or free milk if direct certification for these children cannot be completed promptly upon enrollment.
- (iv) State agencies are encouraged to conduct direct certification more frequently to obtain information about newly enrolled children or children who may be newly certified for that program's benefits."

Cause

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

Effect

The failure to establish an effective system of internal control enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Eligibility 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 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.

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

FINDING 2021-006

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,
National School Lunch Program, COVID-19 - National School
Lunch Program, Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-2020, FY 2020-2021
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Procurement - Policy

The School Corporation did not maintain an up-to-date procurement policy to ensure compliance with the laws and regulations and other procurement requirements specific to an award or subaward.

Procurement - Methods

The School Corporation did not always obtain price and rate quotes from an adequate number of sources for purchases of goods or services exceeding \$10,000 which fell under small purchases. The School Corporation did not document the rationale for the method of procurement when the noncompetitive proposal method was used.

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). . . ."

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

2 CFR 200.318(i) states:

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

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.319(b) states:

"The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract."

2 CFR 200.319(c) states:

"The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a 'brand name or equivalent' description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals."

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. . . ."

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

Cause

Management had not established a system of internal control that would have ensured compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the procurement requirements of 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 internal controls to ensure compliance and comply with the procurement requirements of 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 DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

9808 S 600 W
Union Mills, IN 46382
219-767-2263 or 219-733-2311
Fax 219-767-2260

Mission Statement

South Central Community School Corporation believes that all students will succeed to the best of their abilities.

School, family, and community will collaborate to prepare students for the 21st century by providing opportunities for students to develop intellectual, social, emotional, physical, and life-long decision making skills for higher levels of excellence.

www.scentral.k12.in.us

Dr. Theodore Stevens
Mr. Ben Anderson
Mr. Nicholas Kimmel

Superintendent
High School Principal
Elementary Principal

tstevens@scentral.k12.in.us
banderson@scentral.k12.in.us
nkimmel@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Rachel Dutoi, Business Manager
Contact Phone Number: 219-767-2263 Ext 1003

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan: Beginning with the 2021-2022 Annual Financial Report submitted to the State Board of Accounts through Gateway, a hard copy of the report will be printed out and given to the Superintendent along with the Corporation Ledgers for his review before submission of the report is completed. After the report is submitted through Gateway, it will be presented to the School Board of Trustees along with the Corporation ledgers for their review.

Anticipated Completion Date: These corrective actions will go into effect immediately and will be utilized with the 2021-2022 Annual Financial Report for the State Board of Accounts in August 2022.

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Dr. Theodore Stevens
Mr. Ben Anderson
Mr. Nicholas Kimmel

Superintendent	tstevens@scentral.k12.in.us
High School Principal	banderson@scentral.k12.in.us
Elementary Principal	nkimmel@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2021-002

Contact Person Responsible for Corrective Action: Rachel Dutoi, Business Manager
Contact Phone Number: 219-767-2263 Ext 1003

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan: To track the receipt of the various grant funds, an excel spreadsheet document will be created. Each Grant will be assigned its own worksheet with the name of the Grant that is to be listed on SEFA noted on the document. Each time a reimbursement or receipt of funds is received, it will be listed on the document with the date and amount. At the end of the Fiscal Year the amount will be totaled. The same will be done with expenditures for each Grant. To ensure that the correct name and CFDA number are used for each Grant, reference will be made to the Grant Award letter. If the information is not found within that document, contact will be made with the appropriate department to obtain the needed information. The Schedule of Expenditures of Federal Awards will be input and submitted into Gateway by the Business Manager and reviewed to supporting documentation to ensure accuracy by the Superintendent

Anticipated Completion Date: These corrective actions will go into effect immediately so the correct information is used for the 2021-2022 Schedule of Federal Expenditures.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

FINDING 2021-003

Contact Person Responsible for Corrective Action: Karen Hagenow, Food Service Director
Contact Phone Number: (219) 767-2266 X1105

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan:

Cash Management - The Food Service Director will supply a copy of the software claim report with the monthly claim for reimbursement to the Treasurer for review. The treasurer will be able to verify accuracy. Both reports will be signed by the Food Service Director and Treasurer to verify accuracy.

Procurement (Exceeds Simplified Acquisition) – The Service Center Food Procurement Co-Op Agreements will be approved by the governing board

Suspension and Debarment - The Service Center Food Procurement Co-Op Agreements will be approved by the governing board.

Program Income:

Assessing Program Income - The Food Service Director will keep printed copies of meal and ala carte prices being charged for the School Year. These documents will be reviewed, signed and dated by both the Food Service Director and the Cafeteria Manager.

Recording Program Income - All rebates and other Program Income will have attached documentation to inform and verify all receipts to Program. The documentation will be signed by the Food Service Director and the Treasurer's Office.

Special Tests and Provisions – School Food Accounts – Monthly, the Corporation Treasurer will give the Food Service Director a detailed fund report of the School Lunch Fund. The Food Service Director will review the detailed fund report to ensure the reimbursements were receipted timely, for the correct amount. The Food Service Director will date and sign the reports show she has verified the reimbursements are receipted in a timely manner.

Anticipated Completion Date: May 20th, 2022

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

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Karen Hagenow Food Service Director hagenowk@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2021-004

Contact Person Responsible for Corrective Action: Karen Hagenow, Food Service Director
Contact Phone Number: (219) 767-2266 X1105

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan:

Allowable Cost/Cost Principles and Program Income:

Vendor – The Food Service Director will verify contract pricing on 3 invoices for contracted Vendors at the beginning of each School Year. Invoices that have been verified for pricing will be signed by the Food Service Director.

Payroll – The Corporation Treasurer’s Office will provide the Food Service Director copies of the time sheets for each of the employees who works in the Food Service Department with each payroll. The time sheets have been revised so the employee lists the hours worked in the Food Service Department on a separate line. The Food Service Director will also be provided a copy of the check register for these employees listing the pay being issued for each pay period. The Food Service Director will be provided with a listing of these employees which states their hourly wage which will be updated as needed due to any increases received.

Anticipated Completion Date: May 20th, 2022

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Karen Hagenow Food Service Director hagenowk@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2021-005

Contact Person Responsible for Corrective Action: Karen Hagenow, Food Service Director

Contact Phone Number: (219) 767-2266 X1105

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan:

Eligibility

Federal Income Guidelines - A printed copy of the income guidelines from the software will be kept each year to verify its accuracy and signed by the Food Service Director and Kitchen Manager.

Direct Certification Listings - The Food Service Director will run/upload the Year to Date Direct Certification process in July, August, September, October, December and April of each year. Keeping documentation of completion and accuracy. The documentation will be signed by the Food Service Director and Treasurer

Anticipated Completion Date: May 20th, 2022

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

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Fax 219-767-2260

Karen Hagenow Food Service Director hagenowk@scentral.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2021-006

Contact Person Responsible for Corrective Action: Karen Hagenow, Food Service Director
Contact Phone Number: (219) 767-2266 X1105

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan:

Procurement:

Procurement Policy – The signed Procurement Policy will get approved through the School Board each School Year.

Procurement Methods – Procurement methods will be followed for any Vendor over \$10,000 per year by obtaining and documenting three competitive quotes.

Anticipated Completion Date: May20th, 2022

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/>.