

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MACONAQUAH SCHOOL CORPORATION

MIAMI COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/23/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tina Bonifant Jackquan Gray	07-01-19 to 05-26-20 05-27-20 to 06-30-22
Superintendent of Schools	Dr. James Callane	07-01-19 to 06-30-22
President of the School Board	Robert Daine	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 MACONAQUAH SCHOOL CORPORATION, MIAMI 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 Maconaquah 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 June 7, 2022, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002.

Maconaquah 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

June 7, 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 MACONAQUAH SCHOOL CORPORATION, MIAMI COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Maconaquah 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.

Opinion on Each Major Federal Program

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(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 and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 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 EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated June 7, 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

June 7, 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.

MACONAQUAH 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Child Nutrition			FY 2020	\$ -	\$ 129,816	\$ -	\$ -
Child Nutrition			FY 2021	-	-	-	118,544
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
COVID - Child Nutrition			FY 2020	-	15,101	-	-
COVID - Child Nutrition			FY 2021	-	-	-	43,393
Total - School Breakfast Program				-	144,917	-	161,937
National School Lunch Program	Indiana Department of Education	10.555					
Child Nutrition			FY 2020	-	417,190	-	-
Child Nutrition			FY 2021	-	-	-	284,983
Commodities			FY 2020	-	80,385	-	-
Commodities			FY 2021	-	-	-	99,968
Subtotal - National School Lunch Program				-	497,575	-	384,951
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
COVID - Child Nutrition			FY 2020	-	39,177	-	-
COVID - Child Nutrition			FY 2021	-	-	-	109,450
Total - National School Lunch Program				-	536,752	-	494,401
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Child Nutrition			FY 2021	-	-	-	470,898
Total - Child Nutrition Cluster				-	681,669	-	1,127,236
Total - Department of Agriculture				-	681,669	-	1,127,236
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2018 Federal Part B 611			18611-33-PN01	-	6,921	-	-
FY 2019 Federal Part B 611			19611-33-PN01	-	259,663	-	-
FY 2019 Federal Part B 611			19611-033-PN01	-	-	-	42,632
FY 2020 Federal Part B 611			20611-033-PN01	-	-	-	291,757
FY 2020 Federal Part B 611			20611-33-PN01	-	203,098	-	-
FY 2021 Federal Part B 611			21611-033-PN01	-	-	-	196,889
Total - Special Education Grants to States				-	469,682	-	531,278
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2019 Federal Part B 619			19619-033-PN01	-	22,820	-	-
FY 2020 Federal Part B 619			20619-033-PN01	-	-	-	23,062
Total - Special Education Preschool Grants				-	22,820	-	23,062
Total - Special Education Cluster (IDEA)				-	492,502	-	554,340

MACONAQUAH 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					
Title I			S010A180014	-	220,650	-	-
Title I			S010A190014	-	211,678	-	240,661
Title I			S010A200014	-	-	-	117,140
Total - Title I Grants to Local Educational Agencies				-	432,328	-	357,801
Rural Education	Indiana Department of Education	84.358					
Title VI Pt B Subpart B FY2018			S358B180014	-	12,576	-	-
Title VI Pt B Subpart B FY2019			S358B190014	-	-	-	41,930
Title VI Pt B Subpart B FY2020			S358B200014	-	-	-	47,903
Total - Rural Education				-	12,576	-	89,833
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Pt A			S367A170013	-	357	-	-
Title II Pt A			S367A180013	-	79,018	-	-
Title II Pt A			S367A190013	-	-	-	78,201
Total - Supporting Effective Instruction State Grants				-	79,375	-	78,201
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Pt A FY18 Student Support/Robotics			S424A180015	-	4,958	-	12,739
Title IV Pt A FY19 Student Support/Robotics			S424A190015	-	-	-	39,650
Total - Student Support and Academic Enrichment Program				-	4,958	-	52,389
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Governor's Emergency Education Relief (GEER) Fund		84.425C	S245C200018	-	-	-	95,000
Elementary and Secondary School Emergency Relief (ESSER) Fund		84.425D	S425D200013	-	-	-	139,870
Total - COVID-19 Education Stabilization Fund				-	-	-	234,870
Gaining Early Awareness and Readiness for Undergraduate Programs Gear UP Grant	Indiana Commission for Higher Education	84.334					
			FY 2020	-	40	-	-
Total - Department of Education				-	1,021,779	-	1,367,434
Total federal awards expended				\$ -	\$ 1,703,448	\$ -	\$ 2,494,670

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

MACONAQUAH 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. Kokomo Area Special Education Cooperative

The School Corporation is a member of the Kokomo Area 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.

Note 4. GEER I Fiscal Agent

The School Corporation was a participant in a joint application with other Local Educational Agencies (LEAs) to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. The School Corporation serves as the fiscal agent for the grant. As a result, some of the activity for the GEER I award that is presented as receipts and disbursements on the financial statement is not presented as federal awards expended on the SEFA for the School Corporation. This activity is reported on the SEFAs of each participating LEA as appropriate.

MACONAQUAH 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:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Unmodified Unmodified 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: 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 2019-001.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. One employee prepared and entered the federal award information into Gateway without evidence of an oversight or review.

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

1. The School Breakfast Program expenditures were overstated by \$125,627.
2. The National School Lunch Program expenditures were overstated by \$345,270.
3. The Summer Food Service Program for Children expenditures were omitted, which understated expenditures by \$470,898.
4. The National School Lunch commodities were omitted, which understated expenditures by \$180,353.
5. The Title I Grants to Local Educational Agencies expenditures were understated in the amount of \$371,006.
6. Additional grants had immaterial errors that resulted in a combined misstatement of \$21,010.
7. Other errors included incorrect program names, pass-through entities, federal assistance listings numbers, 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. . . .

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

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.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remain 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.

FINDING 2021-002

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

Condition and Context

The School Corporation had not established effective internal controls over the Annual Financial Report (AFR) information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's financial statement.

The following errors were identified on the financial statement for fiscal year ending June 30, 2021:

1. The School Corporation erroneously reported the Bank Transfers fund on the AFR. The fund included bank transfers as receipts and disbursements, which resulted in an over-statement of both receipts and disbursements by \$8,208,905.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Five additional funds had individually immaterial errors that resulted in combined misstatements of receipts and disbursements of \$97,012 and \$107,344, respectively.

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

Criteria

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

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

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

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

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

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

Cause

Management had not established an effective system of internal control related to financial reporting.

Effect

Without an effective system of internal control that operated effectively, material misstatements of the financial statement remained undetected. The financial statement 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.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-003

Subject: Child Nutrition Cluster - Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, 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 Requirements: Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Finding: Material Weakness

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Cash Management and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management

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

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

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

The lack of internal controls over Cash Management was isolated to fiscal year 2020-2021. The lack of internal controls over Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not developed or implemented an effective system of internal control that would have ensured compliance with the grant agreement and the Cash Management and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 and the Special Tests and Provisions - Verification of Free and Reduce Price Applications (NSLP) compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Cash Management and the Special Tests and Provisions - Verification of Free and Reduce Price Applications (NSLP) 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 - 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 2020, FY 2021
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Other Matters

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with the grant agreement and the Program Income compliance requirement. The School Corporation did not have effective internal controls in place to ensure that program income was being properly assessed and recorded in the School Lunch fund.

Program Income - Assessing

Adult breakfast meals were incorrectly charged at one school during September 2019. Adult lunch meals were incorrectly charged at all schools for fiscal year 2020-2021.

Program Income - Recording

The school lunch point of sale system sales amounts did not agree with the amounts receipted into the school lunch records for three of the eight months tested.

The lack of effective internal controls and noncompliance over assessing program income was isolated to the instances above. The lack of effective internal controls and noncompliance over recording program income 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). . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (3) Price the breakfast as a unit; . . ."

7 CFR 210.14(e) states in part: "*Pricing paid lunches*. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph. . . ."

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 225.6(e) states in part:

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

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

Cause

Management had not developed an effective system of internal control that would have ensured compliance with the grant agreement and the Program Income 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 Program Income 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 an effective internal control system to ensure compliance and comply with the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2021-005

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A180014, S010A190014,
S010A200014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition and Context

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

Two employees tested were paid from Title I grant funds without supporting documentation or personal activity reports, such as time and effort logs, or Semi-Annual Certifications.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

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

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

(g) Be adequately documented. . . ."

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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); . . .
- (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. . . ."

Cause

Management had not established an effective system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective system of internal control to ensure compliance and comply with the grant agreement and Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2021-006

Subject: Title I Grants to Local Educational Agencies - Eligibility, Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A180014, S010A190014, S010A200014
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Finding: Material Weakness

Repeat Finding

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

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Eligibility

The School Corporation had not designed or implemented policies and procedures to ensure that information submitted to the Indiana Department of Education for Enrollment and Poverty were supported by the School Corporation's records.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The School Corporation had not designed or implemented adequate policies and procedures to ensure that documentation regarding the reason for a student being removed from the high school graduation cohort for mobility reasons was prepared and reviewed.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not designed or implemented an effective system of internal control that would have ensured compliance with the grant agreement and the Eligibility and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 Eligibility and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective system of internal control related to the grant agreement and the Eligibility and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

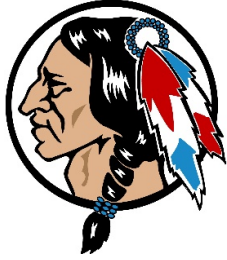
Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



Maconaquah School Corporation

FINDING 2019-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Audit Findings: Material Weakness, Noncompliance

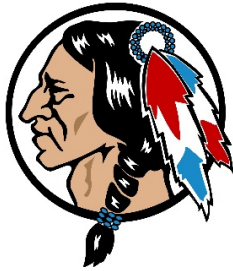
Fiscal year in which the finding initially occurred: 2019

Due to lack of controls, the SEFA presented for audit contained errors. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Status of Audit Findings: Ongoing

Internal control activities will be utilized to prevent these errors from occurring in the future. The appropriate financial statements, including the expenditure reporting, the correct program titles will be utilized when reporting and the correct pass through entities will be reported also. The intent is for this to establish a system of internal controls which will result in proper reporting.

Jackquan E. Gray
Corporate Treasurer
Maconaquah School Corporation



Maconaquah School Corporation

FINDING 2019-002

Subject: Title I Grants to Local Educational Agencies-Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Earmarking

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years: 17-5615,18-5615,18611-001-PN01

Pass Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

Fiscal year in which the finding initially occurred: 2019

Status of Audit Findings: Ongoing

There are qualifications to determine the homeless transportation pay, these qualifications are as follows:

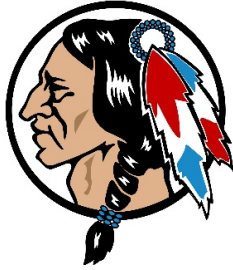
The approximate amount of extra time that is being spent for homeless transportation while driving this route

There is a breakdown of the driver's hourly rate and that is multiplied by the time that has been allotted for the specific homeless transportation pick up and drop off

The hourly rate is then multiplied by the number of days that the driver has driven during the specific pay period.

This is done on an individual basis due to the fact that this homeless route can change at any given time.

Jackquan E. Gray
Corporate Treasurer
Maconaquah School Corporation



Maconaquah School Corporation

FINDING 2019-003

Subject: Title I Grants to Local Educational Agencies-Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years: 17-5615, 18-5615, 18611-001-PN01

Pass Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Special Tests and Provisions-Annual Report Card, High School Graduation Rate

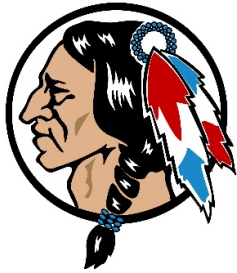
Audit Finding: Material Weakness

Fiscal year in which the finding initially occurred: 2019

Status of Audit Findings: Ongoing

The Corporation will put a new policy into place which will ensure the accuracy of ADM for each and every building. Currently, that data is pulled electronically based on enrollment in each building. In the future, we will pull the student listing from each building, have the principal review this listing, have a second set of eyes (Vice Principal or personnel in the guidance department) review this listing. Both individuals will make necessary changes to this list, sign off that the document has been reviewed by both parties and that list will be given to Justin Byrd who is pulling the data electronically. He will compare the list from the principals to his electronic data and make any necessary changes to ensure accuracy of the ADM. Once this information is accurate, those reports will be attached to the ADM verification in which the superintendent and corporate treasurer will sign.

Jackquan E. Gray
Corporate Treasurer
Maconaquah School Corporation



Maconaquah School Corporation

FINDING 2019-004

Subject: Child Nutrition Cluster-Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years: FY 2017-2018, FY 2018-2019

Pass Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Fiscal year in which the finding initially occurred: 2019

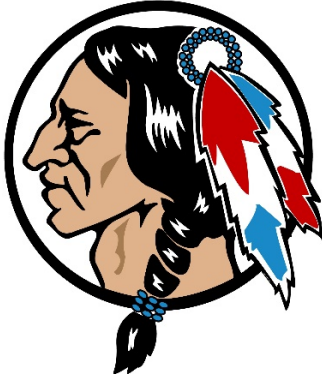
Status of Audit Findings: Completed

Since the findings in the previous audit, the food service director has made multiple changes in procurement and bidding processes. The food service director did attend further training on procurement in order to ensure that she was following procedures. The director does document when making purchases and the reasoning behind selecting that company when the purchase is made. The contracts for the purchasing of food goes to the school board for the board approval. There are bids taken on these contracts as was requested and those bids are kept in house in a file in order to show appropriate measures were taken for this process. When large purchases are to be made for the lunch and breakfast programs, there is a bidding process, these bids are given to the board and a vote is made in a public meeting by the school board. There is an agreement with our food service co-op (food to school) to ensure that we meet all debarment compliance requirements.

When small purchases are made for purchases of goods and services, a PO is filled out by the food service director, this PO is then processed, once an invoice is sent matching this PO the invoice is paid. The PO is signed by the food service director and the corporate treasurer. However, when a large purchase over \$10,000 is made, quotes or bids are taken, the quote or bid will be selected, this information will be attached to a PO, the PO and the quote is then emailed to the board president and the board secretary for approval. If the PO and quote are approved by both parties, the PO will be matched with the invoice once the service has been completed.

There will also be multiple changes made within the cafeteria with food service managers, bookkeepers and the corporate treasurer. These changes will ensure that the internal controls for deposits, account reconciliation, and monthly reconciliation of prepaid and lunch accounts are followed. This process will begin immediately following the 2021-2022 school year.

Jackquan E. Gray
Corporate Treasurer
Maconaquah School Corporation



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2021-001-Preparation of the Scheduled Expenditures of Federal Awards

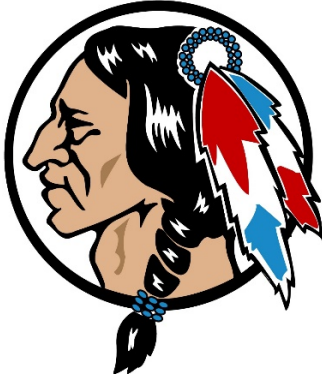
Contact Person Responsible for Corrective Action: Jackquan E Gray
Contact Phone Number:765-689-9131

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Treasurer will provide adequate training to the Superintendent or other office personnel to help ensure accuracy when reviewing the SEFA.

Anticipated Completion Date: Ongoing



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2021-002-Financial Transactions and Reporting

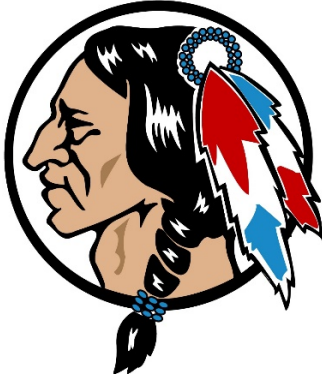
Contact Person Responsible for Corrective Action: Jackquan E Gray
Contact Phone Number: 765-689-9131

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Treasurer will provide adequate training to the Superintendent or other office personnel to help ensure accuracy when reviewing the financial statement.

Anticipated Completion Date: Ongoing



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2021-003-Internal Controls over Child Nutrition Cluster-Cash Management, Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP)

Contact Person Responsible for Corrective Action: Jackquan E Gray and Kim Lewis
Contact Phone Number:765-689-9131

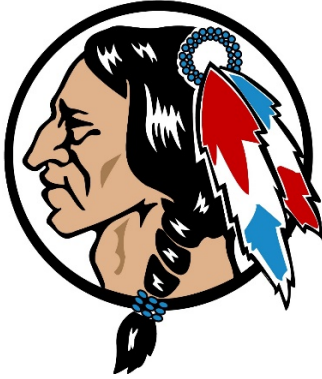
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

This will include all reimbursements which are submitted to the treasurer must be signed by the cafeteria manager and the corporation treasurer.

The school will also implement policies to ensure that the Verification of Free and Reduced Price applications have an adequate internal control to ensure the validity of the free and reduced applications. This verification will include a signature by Caron Boggs and the Cafeteria Manager.

Anticipated Completion Date: Immediate.



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

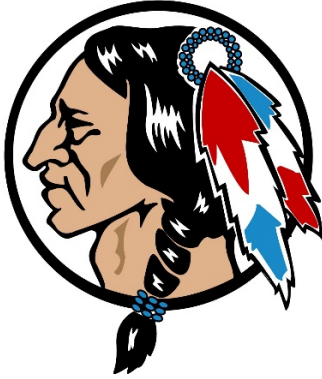
FINDING 2021-004-Child Nutrition Cluster-Program Income

Contact Person Responsible for Corrective Action: Jackquan E Gray and Kim Lewis
Contact Phone Number: 765-689-9131

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The corporation will have adequate internal control in place to ensure that the Program Income was properly transferred from the Prepaid School lunch fund. Access to the software system which tracks Food Service Sales Activity has been granted to the Corporation Treasurer so she can ensure that the proper amounts are being transferred. The transfers from the Prepaid Lunch account to the School Lunch account has already been resolved and will not be an issue in the future. An Adequate internal controls was also put into place to ensure that the approved prices for breakfast and lunch were being properly charged during FY 2020 and 2021. The proper charging for an adult breakfast and an adult lunch was an isolated incident which has been resolved with the software company. The Food Service Director will verify that the amounts entered in the software are correct going forward,

Anticipated Completion Date: Immediate



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2021-005-Title I Grants to Local Educational Agencies-Allowable Costs/Cost Principles

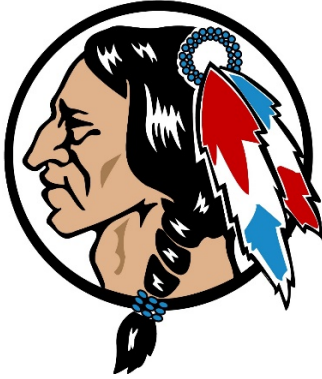
Contact Person Responsible for Corrective Action: Jackquan E Gray and Kelly McPike
Contact Phone Number:765-689-9131

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An effective internal control system for segregation of duties was not in place to ensure Allowable Cost/Cost Principles meet the requirements of the grant agreement. The Semi-Annual Certifications will be generated directly from the expenditure reports during the required certification period of 07/01 to 12/31 and from 01/01 to 06/30 of each year.

Anticipated Completion Date: Ongoing



MACONAQUAH SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2021-006-Internal Controls over the Title I Grants to Local Educational Agencies-Eligibility, Special Tests and Provisions-Annual Report Card, High School Graduation Rate

Contact Person Responsible for Corrective Action: Jackquan E Gray and Kelly McPike
Contact Phone Number:765-689-9131

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An effective internal control was not in place to ensure compliance with requirements related to the grant agreement and compliance requirements for the Annual Report Card, High School Graduation Rate. The graduation cohort report with students' names listed will be generated and High School Principal will review and verify that all students listed have completed and earned graduation status.

An internal control was also not in place to ensure that compliance with the grant agreement in regard to Eligibility. Changes for certification of the ADM will be made. The building roster will be generated along with the ADM count reports and the building principals will verify and sign off that the students listed on the ADM roster are active students.

Anticipated Completion Date: Ongoing

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.