

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH BEND COMMUNITY SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2021 to June 30, 2022



FILED

01/18/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kareemah N. Fowler	07-01-21 to 06-30-24
Superintendent of Schools	Dr. C. Todd Cummings	07-01-21 to 06-30-24
President of the School Board	John Anella	07-01-21 to 06-30-24



INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL
CORPORATION, ST. JOSEPH COUNTY, INDIANA

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the Schedule of Expenditures of Federal Awards (SEFA) of the South Bend Community School Corporation (School Corporation), for the year ended June 30, 2022, and the related notes to the SEFA (the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the expenditures of federal awards of the School Corporation for the year ended June 30, 2022, in accordance with the cash basis of accounting described in Note 1. B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial auditors contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report.

We are required to be independent of the School Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards, and Uniform Guidance* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2023, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 8, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL
CORPORATION, ST. JOSEPH 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 Schedule of Expenditures of Federal Awards (SEFA) of the South Bend Community School Corporation (School Corporation), for the year ended June 30, 2022, and the related notes to the SEFA (financial statement), which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated December 8, 2023, wherein we noted the School Corporation followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America.

Report on 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) as a basis for designing 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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be material weaknesses.

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

Report on 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 2022-001.

South Bend Community School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

December 8, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL CORPORATION, ST. JOSEPH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the South Bend Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. 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.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies for the year ended June 30, 2022.

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the year ended June 30, 2022.

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.010 Title I Grants to Local Educational Agencies, as described in finding number 2022-003 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in finding number 2022-007 for Reporting. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-004, 2022-005, and 2022-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. 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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, and 2022-007, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 8, 2023

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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 prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

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 Subrecipients 06-30-22	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	Breakfast FY 21/22	\$ -	\$ 1,999,165
National School Lunch Program					
Lunch	Indiana Department of Education	10.555	Lunch FY 21/22	-	6,131,234
After School Snack			Snack FY21/22	-	6,811
Center Meals			Center Meals FY 21/22	-	478,596
Commodities			Commodities FY 21/22	-	1,175,489
Subtotal - National School Lunch Program				-	7,792,130
COVID-19 - National School Lunch Program					
COVID 19 - SNP Emergency Funds	Indiana Department of Education	10.555	COVID 19 - SNP Emergency Funds FY 21/22	-	294,289
Total - National School Lunch Program				-	8,086,419
Summer Food Service Program for Children					
Operations	Indiana Department of Education	10.559	Oper FY 21/22	-	2,093,704
Administrative			Admin FY 21/22	-	176,531
Total - Summer Food Service Program for Children				-	2,270,235
Fresh Fruit and Vegetable Program					
	Indiana Department of Education	10.582	FY 21/22	-	166,413
Total - Child Nutrition Cluster				-	12,522,232
Child and Adult Care Food Program					
Cash IN-Lieu	Indiana Department of Education	10.558	Cash In-Lieu FY21/22	-	33,336
COVID-19 - Child and Adult Care Food Program					
Emergency Funds	Indiana Department of Education	10.558	Emergency Funds FY 21/22	-	6,253
Total Child and Adult Care Food Program				-	39,589
COVID-19 - Pandemic EBT Administrative Costs					
	Indiana Department of Education	10.649	2121B120S9009	-	5,814
Total - Department of Agriculture				-	12,567,635
<u>Department of Homeland Security</u>					
STOP School Violence					
	Indiana State Department of Health	16.839	2018-YS-BX-0085	-	67,553
Total - Department of Homeland Security				-	67,553
<u>Department of Treasury</u>					
COVID-19 - Coronavirus Relief Fund					
	Indiana Department of Workforce Development	21.019	FY 21/22	-	22,380
Total - Department of Treasury				-	22,380

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

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 Subrecipients 06-30-22	Total Federal Awards Expended 06-30-22
School Safety National Activities	Direct Grant	84.184			
Developing Equity and Excellence 2020-2021			S184M190012	-	320,496
Developing Equity and Excellence 2021-2022			S184M190012	-	392,196
Subtotal - School Safety National Activities				-	712,692
Total - School Safety National Activities				-	1,546,918
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects CALL: Celebrating Achievement in Literacy thru Libraries	Direct Grant	84.215			
			S215G210025	-	45,750
Gaining Early Awareness and Readiness For Undergraduate Programs GEAR UP South Bend	Direct Grant	84.334			
			P334A210080	-	397,667
Teacher Quality Partnership Grants	Direct Grant	84.336			
Preparing Teacher Leaders 2021-2022			U336S190016	-	611,435
Preparing Teacher Leaders 2021-2022			U336S190016	-	646,503
Total - Teacher Quality Partnership Grants				-	1,257,938
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title II FFY 18 (2021)			01120-071-PN01	-	64,832
Title II FFY 19 (2021-2022)			01121-072-PN01	-	59,904
Total - English Language Acquisition State Grants				-	124,736
Supportive Effective Instruction State Grants	Indiana Department of Education	84.367			
FFY 2019 Title II A Supporting Effective Instruction (2021-2022)			S367A190013	-	398,620
FFY 2019 Title II A Supporting Effective Instruction (2022)			S367A200013	-	67,890
Total - Supportive Effective Instruction State Grants				-	466,510
Teacher and School Leader Incentive Grants	Direct Grant	84.374			
LEAP Grant			S374A300039	-	3,556,028
LEAP Grant			S374A300039	-	2,549,878
Total - Teacher and School Leader Incentive Grants				-	6,105,906
School Improvement Grants	Indiana Department of Education	84.377			
Title I Regular School Improvement Grant 1003(g) - Madison SY 2021-2022			S377A140015	-	107,067
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV Part A (2021-2022)			S424A190015	-	239,281
Title IV Part A (2021-2022)			S424A200015	-	77,101
Total - Student Support and Academic Enrichment Program				-	316,382

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipients 06-30-22	Total Federal Awards Expended 06-30-22
COVID-19 - Education Stabilization Fund	Indiana Department of Education				
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund		84.425U	S425U210013	-	9,725,273
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D210013	-	5,752,761
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	1,749,542
Governor's Emergency Education Relief Fund		84.425C	S425C200018	-	404,291
Total - Education Stabilization Fund				-	17,631,867
Total - Department of Education				-	35,567,648
Department of Health and Human Services					
CCDF Cluster					
COVID-19 - Child Care and Development Block Grant	Indiana Department of Education	93.575	2101INCCC5	-	1,252
Total - CCDF Cluster				-	1,252
Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education	93.778	FY 2021-2022	-	202,748
Medical Assistance Program	Indiana Family Social Services Administration		FY 2021-2022	-	340,336
Total - Medical Assistance Program				-	543,084
Total - Medicaid Cluster				-	543,084
Total - Department of Health and Human Services				-	544,336
Total Federal Awards Expended				\$ -	\$ 48,769,552

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

**SOUTH BEND 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 year ended June 30, 2022. 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.

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 reimbursement grants passed through the State of Indiana are received on a reimbursement basis, in accordance with Uniform Guidance, the federal awards are considered expended when the reimbursement is received. For direct awards, in accordance with Uniform Guidance, the award is deemed to be expended when the cash is disbursed.

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. Federal Loans

South Bend Community School Corporation had no federal loans that they were administering as of June 30, 2022.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Schedule of Expenditures of Federal Awards (SEFA):

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to SEFA 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	Title I Grants to Local Education Agencies	Qualified
84.425	COVID-19 - Education Stabilization Fund	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,463,087

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2022-001

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

Condition and Context

The School Corporation's Schedule of Expenditures of Federal Awards (SEFA) was prepared by the Director of Federal Grants and reviewed by the Director of Internal Audit; however, the internal control was not effective and did not detect and allow for correction of errors prior to submission. Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- Several grants had individually immaterial errors that resulted in misstatements of expenditures of \$3,801,183 in total.
- Other errors included incorrect program names, assistance listings numbers, and identifying numbers.

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

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. . . ."

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](#)."

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; . . ."

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each 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 Number 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 the 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 of the School Corporation had not established a system of internal controls that would have ensured proper reporting of the SEFA.

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

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-002

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

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): S010A190014 FY2021,
S010A200014 FY2021

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility; Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, material noncompliance related to the grant agreement and the Eligibility and Matching, Level of Effort, Earmarking compliance requirements.

Eligibility

Data from the School Corporation's student software system is uploaded to the Indiana Department of Education's (IDOE) Data Exchange System. Enrollment and poverty information for the School Corporation is then abstracted by the IDOE from the Data Exchange System.

The School Corporation's Research and Evaluation team compared the lunch status eligibility used to determine student poverty in the student software system to the information in Data Exchange System at regular intervals. However, this process was not documented and, therefore, could not be verified.

Level of Effort

Form 9 data is submitted to the IDOE semi-annually. The data reported includes the School Corporation's expenditures recorded during that period. The IDOE calculates Maintenance of Effort based on the expenditure information submitted on the Form 9 for that fiscal year. To verify amounts used by the IDOE in their computation were derived from the books and records of the School Corporation, costs were reviewed to ensure they are recorded properly as to account and object code and reported correctly on the Form 9.

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

For payroll amounts, summary level payroll reports were provided to a knowledgeable employee for review; however, the reports lacked sufficient detail to effectively review and verify the proper employees were paid from the correct fund, account, and object codes.

Earmarking

A portion of the School Corporation's Title I allocation is required to be set aside for parental involvement and homeless reservation. The required amount to be set aside is indicated in the Title I grant application. The School Corporation is responsible for monitoring each required set aside throughout the life of the grant to ensure the obligation is met.

Monitoring of each set aside was completed on the reimbursement requests; however, reimbursement requests, although reviewed by a knowledgeable employee, were supported by summary level payroll data. The summary level payroll did not provide sufficient detail to effectively review and verify the proper employees were paid from or should have been paid from earmarked Title I funds.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

FINDING 2022-003

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): S010A190014 FY2021,
S010A200014 FY2021
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Costs charged to grant funds must be adequately documented. To adequately document payroll expenses charged to the grant fund, contracts or other documentation supporting the employees' approved rates of pay are necessary.

The School Corporation utilized a financial software system that has two different sides, an employee portal side and an administrator side. Employee contracts are approved by the employee, the Superintendent of Schools, and the President of the School Board within the system on the employee portal side. Once approved, the data in the employee portal side is fed into a process in the administrator side.

The School Corporation could not provide contracts for 10 of 15 employees tested, as the contracts were not properly archived in the financial software used to electronically approve and archive employment contracts. As such, we could not verify the employees were paid their contracted rate for hours spent working on grant-related activities. This resulted in known questioned costs of \$203,488.

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

2 CFR 200.334 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. . . ."

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); . . .
- (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

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, not all employment contracts could be presented for audit nor could documentation be provided to support time charged to the grant. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were known questioned costs of \$203,488 as identified in *Condition and Context*.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure contracts and certifications, as appropriate, are retained to support the amounts paid from Title I program funds.

Views of Responsible Officials

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

Auditor's Response

The alternative documentation provided was a snapshot from the administrator side of the financial software system; however, the original source document, which was the contract that was approved by the employee, the Superintendent of Schools, and the President of the School Board, was not provided to substantiate the amounts in the administrator side of the financial software system. We reaffirm our finding and will review the status of the finding during our next audit.

FINDING 2022-004

Subject: Title I Grants to Local Educational Agencies - Reporting

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): S010A190014 FY2021;
S010A200014 FY2021

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition and Context

Form 9 Data

The State uses the Form 9 data for their required submission of the average state per pupil expenditure data which is submitted to the National Center for Education Statistics.

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

The Form 9 reports are comprised of the School Corporation's transactions recorded during the audit period. Payroll reports, which included summary level payroll data, were provided to a knowledgeable employee for review; however, the reports did not include sufficient detail to effectively review and verify the proper employees were paid from the correct fund, account, and object codes.

Reimbursement Requests

Requests for reimbursement are utilized by the School Corporation to request reimbursement for allowable expenses paid from Title I funds. Requests for reimbursement should be based on and supported by transactions recorded in the Title I funds of the School Corporation.

Summary level reports were run from the School Corporation's financial system by the Director of Federal Grants for the period in which reimbursement was requested. The reports were then attached to the reimbursement request. The Title I Director then approved the reimbursement request prior to submission.

Of the three reimbursement requests selected for testing, two could not be verified to the summary level detail attached to the reimbursement request nor to a detailed list of transactions. As the amount requested for reimbursement could not be traced to detailed records nor reports which accumulated or summarized the data, the accuracy and completeness of the reimbursement requests could not be verified.

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 200.334 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. . . ."

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .
- (3) 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. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the amounts requested for reimbursement could not be reconciled to the School Corporation's underlying accounting records. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure detailed supporting documentation is used and retained when reviewing Form 9 data and for all requests for reimbursements submitted on behalf of the Title I program funds.

Views of Responsible Officials

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

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

FINDING 2022-005

Subject: Title I Grants to Local Educational Agencies - 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) S010A190014 FY2021,
S010A200014 FY2021
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card/High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation reports graduation rate data for all public high schools within the School Corporation using the four-year adjusted cohort rate. To remove a student from the cohort, the School Corporation must confirm the reason for removal in writing. Additionally, required documentation for each removal type must be retained by the School Corporation. The Indiana Department of Education has outlined the acceptable documentation required when a student exists in a cohort.

The School Corporation has a total of five high schools plus the juvenile detention center for which graduation rate data is submitted. A withdrawal form is utilized by each high school and the juvenile detention center to document the reason for a withdrawal. The withdrawal form and supporting documentation is then approved by an official at that student's high school prior to the student being removed from the cohort.

Of the 15 students selected for testing, the following errors were noted:

- One student's mobility was not properly coded.
- One student's documentation did not clearly state the city and country the student was moving to.
- One student's documentation was lacking a court order or other documentation from the juvenile detention center to evidence that the student was detained more than 20 days.
- One student's documentation did not include the required transcript request or enrollment verification.
- Two students did not have any documentation to support the student's withdrawal.

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

20 USC 7801(23)(B) states:

"To remove a student from a cohort, a school or local educational agency shall require documentation, or obtain documentation from the State educational agency, to confirm that the student has transferred out, emigrated to another country, or transferred to a prison or juvenile facility, or is deceased."

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, adequate documentation to support the reason for a student's removal from the high school graduation cohort for mobility reasons was not retained. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure appropriate documentation is retained to support the removal of students from the graduation cohort.

Views of Responsible Officials

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

FINDING 2022-006

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425D
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

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

Condition and Context

The Education Stabilization Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and further funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) and the American Rescue Plan (ARP) Act, was for the purpose of preventing, preparing for, or responding to the novel coronavirus.

Costs charged to grant funds must be adequately documented. To adequately document payroll expenses charged to the grant fund, contracts or other documentation supporting the employees' approved rates of pay are necessary.

The School Corporation utilized a financial software system that has two different sides, an employee portal side and an administrator side. Employee contracts are approved by the employee, the Superintendent of Schools, and the President of the School Board within the system on the employee portal side. Once approved, the data in the employee portal side is fed into a process in the administrator side.

The School Corporation could not provide contracts for 3 of 13 employees tested, as the contracts were not properly archived in the financial software used to electronically approve and archive employment contracts. As such, we could not verify the employees were paid their contracted rate for hours spent working on grant-related activities. This resulted in known questioned costs of \$26,207.

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 200.334 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. . . ."

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.

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

(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); . . .
- (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

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal control, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, not all employment contracts could be presented for audit nor could documentation be provided to support time charged to the grant. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were known questioned costs of \$26,207 as identified in the *Condition and Context*.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure contracts and certifications, as appropriate, are retained to support the amounts paid from Education Stabilization Fund program funds.

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

Views of Responsible Officials

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

Auditor's Response

The alternative documentation provided was a snapshot from the administrator side of the financial software system; however, the original source document, which was the contract that was approved by the employee, the Superintendent of Schools, and the President of the School Board, was not provided to substantiate the amounts in the administrator side of the financial software system. We reaffirm our finding and will review the status of the finding during our next audit.

FINDING 2022-007

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425D
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation was required to submit an annual data report to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity. The School Corporation submitted three reports during the audit period; however, a single employee prepared and submitted the reports without a review or oversight process in place to prevent or detect and correct errors.

Additionally, two of the three reports tested, ESSER I Year 2 and ESSER II Year 1, were not supported by the School Corporation's records. The financial information provided was based on estimates and actual expenditures, and did not agree with the data submitted in the reports, nor to the School Corporation's records; therefore, the reports were determined to be inaccurate and incomplete.

The key line item "Overall Expenditures" was tested on both reports. The ESSER I Year 2 report overall expenditures key line item was determined to be understated by \$140,160. The ESSER II Year 1 overall expenditures key line item was determined to be overstated by \$2,745,818.

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

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.334 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. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following. . . ."

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the amounts requested for reimbursement could not be reconciled to the School Corporation's underlying accounting records. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure supporting documentation is used and retained for all required reports submitted on behalf of the Education Stabilization Fund program funds.

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 DOCUMENT

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



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CORRECTIVE ACTION PLAN

FINDING 2022-001

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding:

Finding: Errors noted on Schedule of Expenditures of Federal Awards (SEFA)

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

Contact Person Responsible for Corrective Action:

Kareemah Fowler, Assistant Superintendent of Business and Finance

Contact Phone Number and Email Address:

(574) 393-6088; kfowler@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Ongoing training as well as resources, such as the federal compliance supplements, will be provided to relevant staff in efforts to eliminate errors on the Schedule of Expenditures of Federal Awards (SEFA). Additional changes in procedures to reduce misclassification of revenues were implemented in May of 2023. This process involves creating receivables, which include revenue codes, for all reimbursements submitted. Other steps that will be added involve revisiting other State websites that are used to complete certain portions of the SEFA (Child Nutrition Cluster).

Anticipated Completion Date:

Some procedures were implemented in May 2023 and the rest will be implemented in December 2023.

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CORRECTIVE ACTION PLAN

FINDING 2022-002

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

Summary of Finding:

Finding: Ineffective internal controls over Eligibility, Level of Efforts and Earmarking

Recommendation: That the School Corporation design and implement a proper system of internal control, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place.

Contact Person Responsible for Corrective Action:

Rafi Nolan-Abrahamian, Assistant Superintendent of Accountability and Innovation
Kareemah Fowler, Assistant Superintendent of Business and Finance
Debra Martin, Director of Student Learning and of Title I

Contact Phone Number and Email Address:

Rafi Nolan-Abrahamian	(574) 393-6179; rnolan-abrahamian@sbcsc.k12.in.us
Kareemah Fowler	(574) 393-6088; kfowler@sbcsc.k12.in.us
Deb Martin	(574) 393-6053; dmartin@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Eligibility

The district has followed the procedures below to ensure the publishing of accurate eligibility information. The district has now clearly documented the procedures for future audit cycles.

Titan (lunch status data) is imported into PowerSchool every week by the Student Information System administrator in the lead up to October reporting deadlines. Prior to certification, the Data Content Manager republishes all of the student demographic/identification records to update the certified values. Pupil Enrollment rosters from Data Exchange are compared to files from Titan to verify alignment of all individual student lunch status values.

Anticipated Completion Date: Completed October 2023



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Level of Effort

The Human Resources Department has added a second review to verify all employee distribution codes are correct when recording/updating employee requisitions. Additionally, detailed expense reports and payroll distribution reports that support each reimbursement request are being provided to knowledgeable employees to review.

Anticipated Completion Date: Completed December 8, 2023, and May 2023

Earmarking

Summary level payroll data is no longer being used to support reimbursement requests. Detailed expense reports and payroll distribution reports that support each reimbursement request are being provided to knowledgeable employees to review.

Anticipated Completion Date: Completed May 2023

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CORRECTIVE ACTION PLAN

FINDING 2022-003

Finding Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Summary of Finding:

Finding: Documentation for 10 employees was not available to verify the contract amounts.

Recommendation: Documents be retained to support amounts paid.

Contact Person Responsible for Corrective Action:

Kareemah Fowler, Assistant Superintendent of Business and Finance

Contact Phone Number and Email Address:

(574) 393-6088; kfowler@sbcsc.k12.in.us

Views of Responsible Officials: We disagree with the finding.

Explanation and Reasons for Disagreement:

While we agree that the single source document used by the State to validate a teacher's contract was not available for 10 employees. We provided sufficient alternate documents that would allow the State to validate the contract's amount being paid, and whether the proper employees were paid from or should have been paid from the Title I funds. The documents provided sufficient data to support the questioned cost of \$203,488 outlined in the finding.

We will be working with our software vendor to rectify the glitch that prevented us from providing the documentation requested by the State for future audit.

Description of Corrective Action Plan:

We will be working with our software vendor to rectify the glitch that prevented us from providing the documentation requested by the State.

Anticipated Completion Date: January 2024



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CORRECTIVE ACTION PLAN

FINDING 2022-004

Finding Subject: Title I Grants to Local Educational Agencies - Reporting

Summary of Finding:

Finding: Detail data on the Form 9 and Reimbursement Request was not provided to knowledgeable individuals for review.

Recommendation: Design control that provides sufficient data to knowledgeable individuals for review.

Contact Person Responsible for Corrective Action:

Kareemah Fowler, Assistant Superintendent of Business and Finance

Contact Phone Number and Email Address:

(574) 393-6088; kfowler@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the findings.

Description of Corrective Action Plan:

Form 9 Data

The Human Resources Department has added a second review to verify all employee distribution codes are correct when recording/updating employee requisitions. Additionally, detailed expense reports and payroll distribution reports that support each reimbursement request are being provided to knowledgeable employees to review.

Anticipated Completion Date: Completed December 8, 2023, and May 2023

Reimbursement Requests

Summary level payroll data is no longer being used to support reimbursement requests. Detailed expense reports and payroll distribution reports that support each reimbursement request are being provided to knowledgeable employees to review.

Anticipated Completion Date: Completed May 2023.

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CORRECTIVE ACTION PLAN

FINDING 2022-005

Finding Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card/High School Graduation Rate

Summary of Finding:

Finding: Exit documentation was missing or incorrectly matched with student mobility codes for students in the testing sample of the 2022 cohort.

Contact Person Responsible for Corrective Action:

Rafi Nolan-Abrahamian, Assistant Superintendent of Accountability and Innovation

Contact Phone Number and Email Address:

574-393-6179; rnolan-abrahamian@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

SBCSC will conduct re-training of all High School principals and data technicians to review SBCSC withdrawal policies (outlined below), along with required documentation for each exit/mobility code. This training will be conducted in January 2024.

District staff will confirm with each high school that procedures below are in place by reviewing cohort binders with the principal and data technician. Meetings will be scheduled in the Spring of 2024.

Procedure for Withdrawing Students from all SBCSC High Schools

Anytime a parent requests that a student withdraw from a high school, the following steps must be followed. If a parent is not requesting a transfer, the principal will complete an exit interview. All transfers will follow this procedure. (Please also see the procedure for processing no shows.)

1. Only the principal is allowed to sign the withdrawal form. If the principal is not available, an assistant principal may sign the withdrawal form and immediately email it to the principal.
2. Prior to signing the withdrawal form, the principal will speak with the parents and student to gather any information that may help the school understand why a withdrawal is necessary. Once this conversation has happened, the principal will advise the parent and student.



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3. If it is determined that the student will transfer, the signed withdrawal form will be filed in a binder based on class cohort. For example, all students scheduled to graduate in the spring of 2022 will be filed with the 2022 cohort. The principal must determine the name and contact information for the receiving school.
4. It is the responsibility of the data technician to manage these cohorts by checking Learning Connection weekly. If discrepancies are visible in Learning Connection, a data technician will contact the SBCSC Department of Research and Evaluation and the IDOE.
5. The secretary of student management will forward any requests for records to the data technician to file with the student's withdrawal paperwork. (We must have a request for records for every student withdrawing from SBCSC.)
6. The data technician will follow up regarding any student with whom we did not receive a request for records for within one week of the withdrawal. The data technician will contact the receiving school and parent to locate the records request.
7. The data technician will continue to locate a request for records weekly until the request is received by SBCSC.
8. Documentation will be maintained of all efforts made to collect the information.

Anticipated Completion Date: Spring 2024

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CORRECTIVE ACTION PLAN

FINDING 2022-006

Finding Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles

Summary of Finding:

Finding: Documentation for 3 employees was not available to verify the contract amounts.

Recommendation: Documents be retained to support amounts paid.

Contact Person Responsible for Corrective Action:

Kareemah Fowler, Assistant Superintendent of Business and Finance

Contact Phone Number and Email Address:

(574) 393-6088; kfowler@sbcsc.k12.in.us

Views of Responsible Officials: We disagree with the finding.

Explanation and Reasons for Disagreement:

While we agree that the single source document used by the State to validate a teacher's contract was not available for 3 employees. We provided sufficient alternate documents that would allow the State to validate the contract amount being paid, and whether the proper employees were paid from or should have been paid from the Education Stabilization Funds. The documents provided sufficient data to support the questioned cost of \$26,207 outlined in the finding.

We will be working with our software vendor to rectify the glitch that prevented us from providing the documentation requested by the State for future audit.

Description of Corrective Action Plan:

We will be working with our software vendor to rectify the glitch that prevented us from providing the documentation requested by the State.

Anticipated Completion Date: January 2024



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CORRECTIVE ACTION PLAN

FINDING 2022-007

Finding Subject: COVID-19 - Education Stabilization Fund - Reporting

Summary of Finding:

Finding: No oversight of reports and supporting documentation did not agree to report submitted

Recommendation: Provide oversight of reports submitted and retain supporting documentation that agrees to reports submitted

Contact Person Responsible for Corrective Action:

Kareemah Fowler, Assistant Superintendent of Business and Finance
Deb Martin, Director of Student Learning & Title I

Contact Phone Number and Email Address:

Kareemah Fowler (574) 393-6088; kfowler@sbcsc.k12.in.us
Deb Martin (574) 393-6053; dmartin@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

All reports and supporting documentation, which supports each report submitted, will be reviewed/approved by the program director. All supporting documentation will be retained for future audits.

Anticipated Completion Date: December 8, 2024

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OTHER REPORTS

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