

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT

OF

ELKHART & ST. JOSEPH COUNTIES
HEAD START CONSORTIUM

ST. JOSEPH COUNTY, INDIANA

July 1, 2020 to June 30, 2021



FILED
01/24/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 24, 2024

To: The Officials of the Elkhart & St. Joseph Counties Head Start Consortium
Elkhart & St. Joseph Counties Head Start Consortium
St. Joseph County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Elkhart & St. Joseph Counties Head Start Consortium. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Elkhart & St. Joseph Counties Head Start Consortium as of June 30, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 19 through 23. Please refer to the Schedule of Findings and Questioned Costs for further details related to the findings. Management's Corrective Action Plan appears at the end of the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Elkhart & St. Joseph Counties Head Start Consortium was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
St. Joseph County, Indiana

FINANCIAL STATEMENT
June 30, 2021

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ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
SCHEDULE OF OFFICIALS (Unaudited)
June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dr. Kathy Guajardo	07-01-20 to 06-30-21
Board President	Jane Allen	07-01-20 to 06-30-21

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Elkhart and St. Joseph Counties Head Start Consortium
Elkhart, Indiana

Report on the Financial Statement

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of Elkhart and St. Joseph Counties Head Start Consortium (the Unit) as of and for the year ended June 30, 2021, and the related notes (the financial statement).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the Unit prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of June 30, 2021, or changes in net position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the Unit as of June 30, 2021, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the Unit's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards 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 themselves, 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.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(Continued)

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2023, on our consideration of the Unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Unit'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 Unit's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
October 26, 2023

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2021

<u>Fund</u>	Cash and Investments <u>07-01-20</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>06-30-21</u>
Early Head Start Child Care Partnership	\$ 192,924	\$ 2,059,199	\$ 2,128,127	\$ 123,996
Head Start	84,824	9,236,823	9,261,088	60,559
Elkhart Title I	114,864	167,384	282,608	(360)
FEE Base	(183,948)	37,826	2,471	(148,593)
South Bend Title I	26,480	199,155	250,502	(24,867)
CACFP (USDA)	250,997	223,618	332,074	142,541
Beck HS TIE FBase	(18,839)	18,839	-	-
Agency Wide All Program	3,860	1,054	1,054	3,860
Other Program	(934)	1,206	600	(328)
Reconciliation Services	41,044	45,652	4,663	82,033
	<u>41,044</u>	<u>45,652</u>	<u>4,663</u>	<u>82,033</u>
 Totals	 <u>\$ 511,272</u>	 <u>\$ 11,990,756</u>	 <u>\$ 12,263,187</u>	 <u>\$ 238,841</u>

See notes to financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Elkhart and St. Joseph Counties Head Start Consortium (the Unit) was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those Units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Unit to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant.

The Unit held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

NOTE 3 - RISK MANAGEMENT

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Unit has purchased insurance to address the risks described above.

NOTE 4 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Commission to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Commission ability to contribute to the plan.

(Continued)

NOTE 4 - PENSION PLAN (Continued)

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

NOTE 5 - CASH BALANCE DEFICITS

The financial statement contains four funds with deficits in cash totaling \$174,148 that existed at June 30, 2020. The Elkhart Title I and South Bend Title I funds are entirely funded by reimbursable grants, and the deficits existed due to the timing of the reimbursement occurring after June 30, 2021 for expenses incurred before year-end. The related cost reimbursements were received in FY22.

The FEE base and Other Program deficits are a result of needing funds transferred to the fund to cover the deficits.

OTHER INFORMATION (Unaudited)

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2021

	Early Head Start Child Care Partnership	Head Start	Elkhart Title I	FEE Base	South Bend Title I	CACFP (USDA)	Beck HS TIE FBase	Agency Wide All Program	Other Program	Reconciliation Services	Totals
Cash and investments - beginning	\$ 192,924	\$ 84,824	\$ 114,864	\$ (183,948)	\$ 26,480	\$ 250,997	\$ (18,839)	\$ 3,860	\$ (934)	\$ 41,044	\$ 511,272
Receipts:											
Intergovernmental receipts	2,059,199	9,236,823	167,384	37,826	199,155	223,618	18,839	1,054	1,206	45,652	11,990,756
Total receipts	2,059,199	9,236,823	167,384	37,826	199,155	223,618	18,839	1,054	1,206	45,652	11,990,756
Disbursements:											
Personal services	1,375,568	6,576,422	266,875	-	231,327	-	-	1,054	-	4,663	8,455,909
Supplies	150,301	641,865	8,651	-	9,793	830	-	-	-	-	811,440
Other services and charges	601,359	2,011,895	7,082	2,471	9,206	331,244	-	-	600	-	2,963,857
Capital outlay	899	30,906	-	-	176	-	-	-	-	-	31,981
Total disbursements	2,128,127	9,261,088	282,608	2,471	250,502	332,074	-	1,054	600	4,663	12,263,187
Excess (deficiency) of receipts over disbursements	(68,928)	(24,265)	(115,224)	35,355	(51,347)	(108,456)	18,839	-	606	40,989	(272,431)
Cash and investments - ending	\$ 123,996	\$ 60,559	\$ (360)	\$ (148,593)	\$ (24,867)	\$ 142,541	\$ -	\$ 3,860	\$ (328)	\$ 82,033	\$ 238,841

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
STATE REPORTING INFORMATION
June 30, 2021

The reports presented herein were prepared in addition to another official report prepared for the Commission as listed below:

Indiana State Board of Accounts Compliance Examination of the Elkhart and St. Joseph Counties Head Start Consortium.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

SUPPLEMENTARY INFORMATION

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipient
<u>Department of Agriculture</u>					
Child and Adult Care Food Program CACFP	Direct Award	10.558	FY2021	\$ 223,618	\$ -
Total – Department of Agriculture				<u>223,618</u>	<u>-</u>
<u>Department of Health and Human Services</u>					
Head Start Cluster					
Head Start and Early Head Start	Direct Award	93.600	05CH011249	3,693,094	-
Head Start and Early Head Start			05CH011249C3	108,492	-
Head Start and Early Head Start			05CH842806	5,707,815	-
Early Head Start – Child Care Partnership			05HP000285	2,049,722	-
Early Head Start – Child Care Partnership			05HP000285C3	<u>2,398</u>	<u>-</u>
Total – Department of Health and Human Services				<u>11,561,521</u>	<u>-</u>
Total federal awards expended				<u>\$11,785,139</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditure of federal awards.

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Elkhart and St. Joseph Counties Head Start Consortium (the "Unit") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the Unit, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the Unit.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The Unit has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Those Charged with Governance
Elkhart and St. Joseph Counties Head Start Consortium
Elkhart, Indiana

We have audited, in accordance with the 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 Elkhart and St. Joseph Counties Head Start Consortium ("Unit"), which comprise the statement of receipts, disbursements, and cash and investment balances of the Unit as of and for the year ended June 30, 2021 and the related notes to the financial statement, which collectively comprise the Unit's basic financial statement, and have issued our report thereon dated October 26, 2023.

As discussed in Note 1 to the financial statement, the Unit prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Because of this, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of June 30, 2021, or changes in net position for the year then ended.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Unit'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 Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unit'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a 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.

(Continued)

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unit's financial statement is free from 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 financial statement. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Unit's Response to Findings

The Unit's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Unit's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Indianapolis, Indiana
October 26, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance
Elkhart and St. Joseph Counties Head Start Consortium
Elkhart, Indiana

Report on Compliance for Major Federal Program

We have audited Elkhart and St. Joseph Counties Head Start Consortium's (Unit) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Unit's major federal program for the year ended June 30, 2021. The Unit's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Unit'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 Unit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Head Start

As described in the accompanying schedule of findings and questioned costs, the Unit did not comply with requirements regarding ALN 93.600 Head Start as described in finding numbers 2021-003 for Equipment. Compliance with such requirements is necessary, in our opinion, for the Unit to comply with the requirements applicable to that program.

Qualified Opinion on Head Start

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Unit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Head Start for the year ended June 30, 2021.

(Continued)

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002. Our opinion on the major federal program is not modified with respect to this matter.

The Unit's response to the noncompliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The Unit'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 Unit 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 Unit'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 an 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 Unit's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

The Unit's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Unit's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

(Continued)

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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
October 26, 2023

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditors report issued Adverse as to GAAP, Unmodified as to regulatory basis

Internal control over financial reporting

Material weakness(es) identified? X Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statement noted? Yes X No

Federal Awards

Internal control over major programs

Material weakness(es) identified? X Yes No

Significant deficiencies identified not considered to be material weaknesses? X Yes None Reported

Type of auditor’s report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? X Yes No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee? Yes X No

(Continued)

Section II – Financial Statement Findings

FINDING 2021-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:
. . .

- Accurate and timely recording of transactions. . . ."

Condition: The Unit did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

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

Context: The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following error in the financial statement:

- 1) For the period of July 1, 2020 to June 30, 2021, the receipt and disbursement amounts were overstated by approximately \$295,000. The overstatement resulted from the Unit improperly reporting transfers between bank accounts as receipts and disbursements.

Audit adjustments were proposed, accepted by the Unit, and made to the financial statement to correct the error.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

Identification as a repeat finding, if applicable: No.

(Continued)

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section II – Financial Statement Findings (Continued)

Recommendation: We recommended that the Unit's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers and have been adjusted to net out bank transfers.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

FINDING 2021-002

Information on the federal program:

Subject: Head Start Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Health and Human Services
Federal Program: Head Start Cluster
Assistance Listing Number: 93.600
Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Material Weakness, Noncompliance

Criteria: 2 CFR section 200.303 states in part: "The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

Condition: An effective internal control system was not in place at the Unit to ensure compliance with requirements related to the grant agreement and the activities allowed or unallowed and allowable costs/cost principle compliance requirements. The Unit did not have adequate documentation to support expenditures.

Cause: The Unit's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect: The failure to establish an effective internal control system placed the Unit at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs: \$28,918

(Continued)

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section III – Federal Award Findings and Questioned Costs (Continued)

Context: During testing, we noted the following issues in a sample of thirteen head start cluster account payable claims:

- One sample selection was not approved by a secondary individual.
- One sample selection was not supported by appropriate documentation. The selection was for the purchase of gift cards for teachers to buy books for professional development. However, there was no backup or support showing what the gift cards were used to purchase. The total of this purchase was \$27,001.
- The Unit paid \$1,917 in sales tax on one sample selection which is an unallowable cost. The Unit is tax-exempt as a governmental entity in the state and should not pay sales tax.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior audit finding number was 2020-001.

Recommendation: We recommend that the Unit establish a documented, primary review of all head start cluster account payable claims before they are paid. Additionally, we recommend the Unit maintain all supporting documentation to show what the gift cards were used to purchase to ensure they are used for allowable purposes.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2021-003

Information on the federal program:

Subject: Head Start Cluster – Equipment
Federal Agency: Department of Health and Human Services
Federal Program: Head Start Cluster
Assistance Listing Number: 93.600
Compliance Requirement: Equipment
Audit Finding: Material Weakness, Modified Opinion, Noncompliance

Criteria: 45 CFR 75.308(c)(1) states in part:

"For non-construction Federal awards, recipients must request prior approval from HHS awarding agencies for one or more of the following program or budget-related reasons: . . .

- (xi) The recipient wishes to dispose of, replace, or encumber title to real property, equipment, or intangible property that are acquired or improved with a Federal award. . . ."

45 CFR 75.323 states:

"Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The HHS awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property."

(Continued)

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section III – Federal Award Findings and Questioned Costs (Continued)

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

Condition: An effective internal control system was not in place at the Unit to ensure compliance with requirements related to the grant agreement and the equipment compliance requirements.

Cause: The Unit's management had not developed a system of internal controls to ensure compliance with the equipment requirements.

Effect: The failure to establish an effective internal control system allowed noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs: None.

Context: During testing, we noted the Unit purchased eight buses in FY20 that each exceeded the \$5,000 federal equipment threshold. However, the Unit did not perform any of the required federal compliance steps for equipment in FY21 (getting approval before making the purchase, adding the buses to the capital asset listing, and performing an inventory of the buses). The total cost of the buses, excluding interest costs on the loan, was approximately \$649,000. The total annual payments, including interest from the loans, on the buses is approximately \$177,000.

The Unit initially believed the bus purchases were rental agreements which would not fall under federal compliance requirement. However, the purchases were loan agreements to purchase the buses. The Unit will own the buses after the final payment is made.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior audit finding number was 2020-002.

Recommendation: We recommend that the Unit perform the required steps to maintain compliance with the federal equipment compliance requirements.

(Continued)

ELKHART AND ST. JOSEPH COUNTIES HEAD START CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section III – Federal Award Findings and Questioned Costs (Continued)

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2021-004

Information on the federal program:

Subject: Head Start Cluster - Internal Controls
Federal Agency: Department of Health and Human Services
Federal Program: Head Start Cluster
Assistance Listing Number: 93.600
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Criteria: 2 CFR section 200.303 states in part: "The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

Condition: An effective internal control system was not in place at the Unit in order to ensure compliance with requirements related to the grant agreement and the reporting compliance requirement.

Cause: The Unit's management had not developed a system of internal controls to ensure compliance with the reporting requirements.

Effect: The failure to establish an effective internal control system placed the Unit at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs: None.

Context: We noted that for two federal financial reports in a sample of two reports, the Supervisor prepared the report without a secondary, documented review before the submission of the report to ensure the accuracy of the report. The amounts reported agreed to the supporting records without error.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior audit finding number was 2020-003.

Recommendation: We recommended that the Unit implement a documented, formal review of the reports before they are submitted.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Elkhart St. Joseph Counties, "The Consortium"
Summary Schedule Prior Year Audit Findings
Fiscal Year: FY21

Subject: Head Start Cluster - Internal Controls
Federal Agency: Department of Health and Human Services
Federal Program: Head Start Cluster
Assistance Listing Number: 93.600
Contact Person Responsible for Corrective Action: Brenda Overton
Contact Phone Number: 574.393.5866

FINDING NO.	FINDING DESCRIPTION	STATUS
2020-001	Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles Audit Finding: Material Weakness	Not resolved, see finding 2021-002

I certify that the information contained in this document is accurate to the best of my knowledge.

Brenda Overton
Signature

Fiscal Officer
Title

10-31-2023
Date

K. Huguendo
10/31/23

Elkhart St. Joseph Counties, "The Consortium"
Summary Schedule Prior Year Audit Findings
Fiscal Year: FY21

Subject: Head Start Cluster – Equipment

Federal Agency: Department of Health and Human Services

Federal Program: Head Start Cluster

Assistance Listing Number: 93.600

Contact Person Responsible for Corrective Action: Kathy Guajardo

Contact Phone Number: 574. 393.5864

FINDING NO.	FINDING DESCRIPTION	STATUS
2020-002	Compliance Requirement: Equipment Audit Finding: Material Weakness, Modified Opinion, Noncompliance	Not resolved, see finding 2021-003

I certify that the information contained in this document is accurate to the best of my knowledge.

Kathy L. Guajardo

Signature

Executive Director

Title

10/31/23

Date

Elkhart St. Joseph Counties, "The Consortium"
Summary Schedule Prior Year Audit Findings
Fiscal Year: FY21

Subject: Head Start Cluster - Internal Controls

Federal Agency: Department of Health and Human Services

Federal Program: Head Start Cluster

Assistance Listing Number: 93.600

Contact Person Responsible for Corrective Action: Brenda Overton

Contact Phone Number: 574.393.5866

FINDING NO.	FINDING DESCRIPTION	STATUS
2020-003	Compliance Requirement: Reporting Audit Finding: Significant Deficiency	Not resolved, see finding 2021-003

I certify that the information contained in this document is accurate to the best of my knowledge.

Brenda Overton
Signature

Fiscal Officer
Title

10-31-2023
Date

K. Huagudo
10/31/23

**Elkhart St. Joseph Counties, “The Consortium”
Audit Corrective Action Plan
Fiscal Year: FY21**

Audit Period: July 1, 2020 - June 30, 2021

Finding 2021-001 – Preparation of the Annual Financial Report (AFR)

Contact Person Responsible for Corrective Action: Brenda Overton

Contact Phone Number: 574.393.5866

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We will work with our financial consultants to ensure bank transfer activity is not recorded on the Annual Financial Report (AFR) for the FY22 and F23 AFRs. See anticipated timeline of the procedures below.

Activities	Timeline	Who’s Responsible	Source Documentation	Resources
1. Review and Revise Annual Financial Report Policies and Procedures	November 2023	Fiscal Officer/Management Team	Annual Financial Reporting (AFR) Policies and Procedures	Guidance from the Gateway System
2. Board of Director and Policy Council approval of revised Policies and Procedures	December 2023	Executive Director	Annual Financial Reporting (AFR) Policies and Procedures	Guidance from the Gateway System
3. Training Staff on Revised Policies and Procedures	December 2023	Executive Director	Annual Financial Reporting (AFR) Policies and Procedures	Guidance from the Gateway System
4. Implement revise Policies and Procedures	January 2024	Executive Director	Annual Financial Reporting (AFR) Policies and Procedures	
5. Monitor Implementation of the policies and procedures	January 2024	Executive Director	Reports from the Gateway System	

6. Provide copies of the reports to the Executive Director, Board and Policy council	January 2024	Executive Director	Gateway system reports	
7. If necessary, conduct additional revision to the policies and procedures.	January 2024	Executive Director & Management Team	Annual Financial Reporting (AFR) Policies and Procedures	Guidance from the Gateway System
8. Conduct follow-up monitoring to ensure fully implementation.	February 2024	Executive Director	Gateway system reports	Gateway system reports
9. Complete Summary Schedule	February 2024	Executive Director	Summary Schedule	45 CFR Part 75.511

**Elkhart St. Joseph Counties, “The Consortium”
Audit Corrective Action Plan
Fiscal Year: FY21**

Audit Period: July 1, 2020 - June 30, 2021

Finding 2021-002: Head Start Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Brenda Overton

Contact Phone Number: 574.393.5866

Views of Responsible Official: We concur with the finding that no support was provided for the uses of the purchased gift cards

Description of Corrective Action Plan: We will perform the following to ensure only allowable costs are charged to the program:

- Ensure all supporting vouchers are prepared and approved by different people
- Ensure all supporting vouchers have the appropriate documentation including the invoice from each vendor and the underlying support for what the gift card purchases were ultimately used to fulfill the grant purpose.
- Submit the required documentation to the Indiana Department of Revenue to affirm the entity’s tax position as exempt to provide to vendors to ensure sales tax is not charged on purchases.

See anticipated timeline of the procedures below.

Activities	Timeline	Who’s Responsible	Source Documentation	Resources
1. Review and Revise Policies and Procedures	November 2023	Fiscal Officer/Executive Director	Internal Controls Policies and Procedures	45 CFR Part 75.303
2. Board of Director and Policy Council approval of revised Policies and Procedures	December 2023	Executive Director	Internal Controls Policies and Procedures	45 CFR Part 75.303

3. Training Staff on Revised Policies and Procedures	December 2023	Fiscal Officer	Internal Controls Policies and Procedures	45 CFR Part 75.303
4. Implement revise Policies and Procedures	January 2024	Fiscal Officer	Internal Controls Policies and Procedures	45 CFR Part 75.303
5. Monitor Implementation of the policies and procedures	January 2024	Fiscal Officer	Reports and records to support monitoring	45 CFR Part 75.302
6. Provide copies of the reports to the Executive Director, Board and Policy council	January 2024	Fiscal Officer	Monitoring summary report	45 CFR Part 75.302
7. If necessary, conduct additional revision to the policies and procedures.	January 2024	Fiscal Officer	Internal Controls Policies and Procedures	45 CFR Part 75.303
8. Conduct follow-up monitoring to ensure fully implementation.	February 2024	Fiscal Officer	Reports and records to support monitoring	45 CFR Part 75.302(b) (2 & 3)
9. Complete Summary Schedule	February 2024	Fiscal Officer & Executive Director	Summary Schedule	45 CFR Part 75.511

**Elkhart St. Joseph Counties, “The Consortium”
Audit Corrective Action Plan
Fiscal Year: FY21**

Audit Period: July 1, 2020 - June 30, 2021

Finding 2021-003: Head Start Cluster - Equipment

Contact Person Responsible for Corrective Action: Kathy Guajardo

Contact Phone Number: 574. 393.5864

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We will work the federal government to obtain retroactive approval of the bus purchases as of July 1, 2021. Additionally, going forward any equipment purchases will be reviewed to ensure compliance with all applicable federal equipment pre and post procurement requirements for inventory and maintenance of equipment. See anticipated timeline of the procedures below.

Activities	Timeline	Who’s Responsible	Source Documentation	Resources
1. Review and Revise Policies and Procedures	November 2023	Executive Director/Management Team	Equipment Management Policies and Procedures	45 CFR Part 75.320
2. Board of Director and Policy Council approval of revised Policies and Procedures	December 2023	Executive Director	Equipment Management Policies and Procedures	45 CFR Part 75.320
3. Training Staff on Revised Policies and Procedures	December 2023	Executive Director	Equipment Management Policies and Procedures	45 CFR Part 75.320
4. Implement revise Policies and Procedures	January 2024	Executive Director	Equipment Management Policies and Procedures	45 CFR Part 75.320
5. Monitor Implementation of the policies and procedures	January 2024	Executive Director	Reports and records to support monitoring	45 CFR Part 75.302

6. Provide copies of the reports to the Executive Director, Board and Policy council	January 2024	Executive Director	Monitoring summary report	45 CFR Part 75.302(b)(2)
7. If necessary, conduct additional revision to the policies and procedures.	January 2024	Executive Director & Management Team	Equipment Management Policies and Procedures	45 CFR Part 75.303
8. Conduct follow-up monitoring to ensure fully implementation.	February 2024	Executive Director	Reports and records to support monitoring	45 CFR Part 75.302(b) (2 &3)
9. Complete Summary Schedule	February 2024	Executive Director	Summary Schedule	45 CFR Part 75.511

**Elkhart St. Joseph Counties, “The Consortium”
 Audit Corrective Action Plan
 Fiscal Year: FY21**

Audit Period: July 1, 2020 - June 30, 2021

Finding 2021-004: Head Start - Reporting

Contact Person Responsible for Corrective Action: Brenda Overton

Contact Phone Number: 574.393.5866

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We will ensure all required federal reports have a documented, formal review of the reports before they are submitted to ensure the information submitted is accurate. See anticipated timeline of the procedures below.

Activities	Timeline	Who’s Responsible	Source Documentation	Resources
10. Review and Revise Policies and Procedures	November 2023	Fiscal Officer/Management Team	Reporting Policies and Procedures	45 CFR Part 75.302(b)(2)
11. Board of Director and Policy Council approval of revised Policies and Procedures	December 2023	Executive Director	Reporting Policies and Procedures	45 CFR Part 75.302(b)(2)
12. Training Staff on Revised Policies and Procedures	December 2023	Executive Director	Reporting Policies and Procedures	45 CFR Part 75.302(b)(2)

13. Implement revise Policies and Procedures	January 2024	Executive Director	Reporting Policies and Procedures	45 CFR Part 75.302(b)(2)
14. Monitor Implementation of the policies and procedures	January 2024	Executive Director	Reports and records to support monitoring	45 CFR Part 75.302
15. Provide copies of the reports to the Executive Director, Board and Policy council	January 2024	Executive Director	Monitoring summary report	45 CFR Part 75.302(b)(2)
16. If necessary, conduct additional revision to the policies and procedures.	January 2024	Executive Director & Management Team	Reporting Policies and Procedures	45 CFR Part 75.303
17. Conduct follow-up monitoring to ensure fully implementation.	February 2024	Executive Director	Reports and records to support monitoring	45 CFR Part 75.302(b) (2 &3)
18. Complete Summary Schedule	February 2024	Executive Director	Summary Schedule	45 CFR Part 75.511