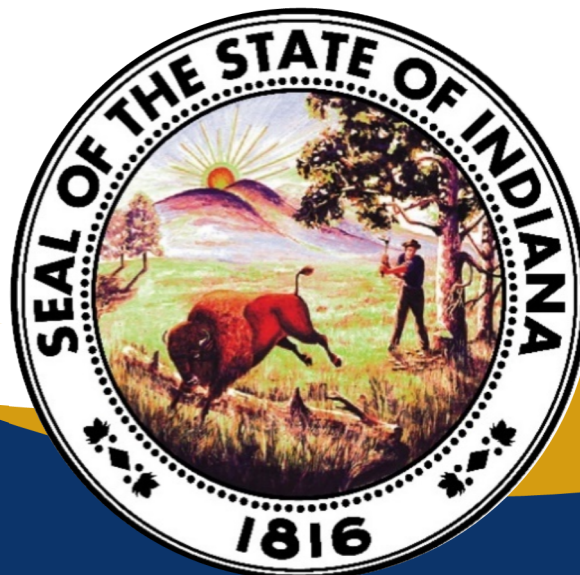


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

FEDERAL COMPLIANCE AUDIT REPORT
OF
GARY COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/12/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Comer	07-01-22 to 06-30-25
Chief Financial Officer	Nicole Wolverton Mary Comer (interim) Linda Zaborowski	07-01-22 to 06-30-23 07-01-23 to 08-18-24 08-19-24 to 06-30-25
Emergency Manager	Paige McNulty Mike Raisor	07-01-22 to 06-30-23 07-01-23 to 06-30-24
Superintendent of Schools	Yvonne Stokes	07-01-24 to 06-30-25
President of the School Board	Michael Suggs	07-01-24 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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

TO: THE OFFICIALS OF THE GARY COMMUNITY SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Gary Community School Corporation (School Corporation), for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 11, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

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 items 2024-001 and 2024-002, that we consider to be material weaknesses.

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

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 2024-002.

Gary 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

February 11, 2025



Paul D. Joyce, CPA
State Examiner

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

TO: THE OFFICIALS OF THE GARY COMMUNITY SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Disclaimed and Qualified Opinions

We have audited the Gary 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 the Title I Grants to Local Educational Agencies and COVID-19 - Education Stabilization Fund for the period of July 1, 2022 to June 30, 2024, and we were engaged to audit the School Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2022 to June 30, 2024. 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 Disclaimed and 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 period of July 1, 2022 to June 30, 2024.

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Disclaimed and 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 period of July 1, 2022 to June 30, 2024.

Disclaimer of Opinion on Child Nutrition Cluster

Because of the significance of the matters described in the *Basis for Disclaimed and Qualified Opinions* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the School Corporation's compliance with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2022 to June 30, 2024.

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

Basis for Disclaimed and 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.

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.

Matters 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 item 2024-006 for Special Tests and Provisions - Annual Report/High School Graduation Rate. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matters 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 item 2024-009 for Equipment and Real Property Management. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matters Giving Rise to Disclaimer of Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Child Nutrition Cluster, as described in items 2024-003, 2024-004, and 2024-005 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Reporting. Consequently, we were unable to determine whether the School Corporation complied with those 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.

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

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.
- 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 item 2024-007. 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.

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

Report on 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 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 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, and 2024-009, to be material weaknesses.

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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2024-008, to be significant deficiencies.

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.

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.

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 11, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 11, 2025



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.



GARY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
National School Lunch Program			2022-2023	\$ -	\$ 945,463	\$ -	\$ -
National School Lunch Program			2023-2024	-	-	-	953,527
Total - School Breakfast Program				-	945,463	-	953,527
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			2022-2023	-	2,062,984	-	-
Supply Chain Assistance			2022-2023	-	109,715	-	-
Commodities			2022-2023	-	268,860	-	-
Supply Chain Assistance			2023-2024	-	-	-	123,565
Commodities			2023-2024	-	-	-	320,019
National School Lunch			2023-2024	-	-	-	1,881,638
Total - National School Lunch Program				-	2,441,559	-	2,325,222
Summer Food Service Program for Children	Indiana Department of Education	10.559					
National School Lunch Program			2022-2023	-	67,989	-	-
National School Lunch Program			2023-2024	-	-	-	45,906
Total - Summer Food Service Program for Children				-	67,989	-	45,906
Total - Child Nutrition Cluster				-	3,455,011	-	3,324,655
SNAP Cluster							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Indiana Department of Health	10.561					
IDOH SNAP Garden			2023-2024	-	-	-	18,386
Total - SNAP Cluster				-	-	-	18,386
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Pandemic EBT Administrative Costs			222IN120S9009	-	3,135	-	-
Total - Department of Agriculture				-	3,458,146	-	3,343,041
Department of Defense							
ROTC Language and Culture Training Grants	Direct Grant	12.357					
ROTC Language and Culture Training Grants			22-23	-	31,286	-	-
ROTC Language and Culture Training Grants			23-24	-	-	-	41,698
Total - ROTC Language and Culture Training Grants				-	31,286	-	41,698
Total - Department of Defense				-	31,286	-	41,698
Federal Communications Commission							
Emergency Connectivity Fund Program	Direct Grant						
Emergency Connectivity Fund Program		32.009	22-23	-	718,836	-	-
Total - Federal Communications Commission				-	718,836	-	-

GARY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grant IDEA FY23			H027A220084	-	-	-	1,770,631
Special Education Grant IDEA FY21			H027A200084	-	646,400	-	-
Special Education Grant IDEA FY22			H027A210084	-	1,256,936	-	1,057,277
Subtotal - Special Education Grants to States				-	1,903,336	-	2,827,908
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grant IDEA FY23			H027X210084	-	-	-	239,509
Total - Special Education Grants to States				-	1,903,336	-	3,067,417
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grant			H173A200104	-	46,584	-	-
Special Education Preschool Grant			H173A210104	-	30,556	-	95,434
Special Education Preschool Grant			H173A220104	-	-	-	74,976
Subtotal - Special Education Preschool Grants				-	77,140	-	170,410
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grant			H173X210104	-	-	-	23,959
Total - Special Education Preschool Grants				-	77,140	-	194,369
Total - Special Education Cluster (IDEA)				-	1,980,476	-	3,261,786
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 23-24			S010A230014	-	-	-	3,956,069
School Improvement Grants			S010A200014	-	366,812	-	-
School Improvement Grants			S010A220014	-	53,528	-	546,963
Title I Basic Grant			S010A210014	-	8,688,820	-	-
Title I 22-23			S010A220014	-	4,952,616	-	2,440,396
Total - Title I Grants to Local Educational Agencies				-	14,061,776	-	6,943,428
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Carl Perkins Career and Technical Education			V048A210014	-	43,290	-	-
Carl D. Perkins-6263			V048A220014	-	155,770	-	73,046
Carl D. Perkins			V048A230014	-	-	-	142,068
Total - Career and Technical Education -- Basic Grants to States				-	199,060	-	215,114
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney Vento Homeless 21-22			S196A200015	-	9,090	-	-
McKinney Vento Homeless 22-23			S196A220015	-	4,000	-	21,000
McKinney Vento Homeless 23-24			S196A230015	-	-	-	9,046
Total - Education for Homeless Children and Youth				-	13,090	-	30,046
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st Century			S287C220014	-	102,626	-	14,636

GARY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
21st Century			S287C230014	-	-	-	133,866
Total - Twenty-First Century Community Learning Centers				-	102,626	-	148,502
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A220013	-	24,269	-	545,437
Title II			S367A230013	-	-	-	190,665
Title II			S424A220015	-	465,657	-	-
Title II			S424A230015	-	-	-	335,772
Total - Supporting Effective Instruction State Grants				-	489,926	-	1,071,874
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
GEER		84.425C	S425C200018	-	3,959	-	-
CARES Act		84.425D	S425D200013	-	249,178	-	-
ESSER II		84.425D	S425D210013	-	13,060,679	-	2,547,980
UCAN		84.425D	UCAN 2022-2024	-	5,968	-	84,060
EANS		84.425R	EANS 20 -24	-	447,815	-	307,083
ESSER III		84.425U	S425U210013	-	16,998,267	-	19,065,245
ARP HCY II		84.425W	S425W210015	-	81,866	-	24,674
Total - COVID-19 - Education Stabilization Fund				-	30,847,732	-	22,029,042
Total - Department of Education				-	47,694,686	-	33,699,792
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
Medicaid - MAC	Indiana Department of Education		2022-2023	-	59,305	-	-
Medicaid - MAC			2023-2024	-	-	-	49,752
Medicaid - IEP	Indiana Family and Social Services Administration		2022-2023	-	189,532	-	-
Medicaid - IEP			2023-2024	-	-	-	205,528
Total - Medical Assistance Program				-	248,837	-	255,280
Total - Medicaid Cluster				-	248,837	-	255,280
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Indiana Department of Health	93.079					
School-Based HIV/STD Prevention and School-Based Surveillance			1 NU87PS004317-01-00	-	30	-	-
School-Based HIV/STD Prevention and School-Based Surveillance			5 NU87PS004317-02-00	-	107	-	-
School-Based HIV/STD Prevention and School-Based Surveillance			5 NU87PS004317-04-00	-	35	-	-
School-Based HIV/STD Prevention and School-Based Surveillance			5 NU87PS004317-05-00	-	193	-	-
School-Based HIV/STD Prevention and School-Based Surveillance			6 NU87PS004317-03-01	-	135	-	-
Total - Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance				-	500	-	-
Total - Department of Health and Human Services				-	249,337	-	255,280
Total federal awards expended				\$ -	\$ 52,152,291	\$ -	\$ 37,339,811

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

GARY 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 award activity of the School Corporation under programs of the federal government for the years ended June 30, 2023 and 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of non-federal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the 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 expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Title IV Funds Reported Under Title II

As allowed by federal regulations, the School Corporation elected to transfer program funds. The School Corporation transferred and expended from its Student Support and Academic Enrichment Program (Title IV) to its Supporting Effective Instruction State Grants (Title II). The total transferred during the years ended June 30, 2023 and 2024, totaled \$465,657 and \$335,772, respectively. All amounts are reflected in the Supporting Effective Instruction State Grants Program in the SEFA.

GARY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
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
	Child Nutrition Cluster	Disclaimer
84.010	Title I Grants to Local Educational Agencies	Qualified
84.425	COVID-19 - Education Stabilization Fund	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$2,684,763

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2024-001

Subject: Internal Controls over Financial Reporting
Audit Finding: Material Weakness

Condition and Context

The School Corporation is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation did not have a system of internal controls over the preparation of the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement. One employee prepared and submitted the AFR without evidence of an oversight or review process to ensure the accuracy and completeness of the financial information submitted.

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

Criteria

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

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

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

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

Cause

The School Corporation had an oversight and review process designed; however, due to the change in personnel at each year end, the process was not properly implemented.

Effect

The lack of internal controls over financial reporting could have enabled misstatements or irregularities to occur and remain undetected within the financial statement.

Views of Responsible Officials

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

FINDING 2024-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

Condition and Context

The School Corporation is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

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

The School Corporation did not have a system of internal controls over the preparation of the grant information entered in the Annual Financial Report (AFR) on the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared and submitted the AFR without evidence of an oversight or review process to ensure the accuracy and completeness of the SEFA information submitted.

Due to the lack of internal controls, the SEFA contained the following errors:

- Several grants for fiscal year 2022-2023 had individually immaterial errors that resulted in a combined absolute misstatement of \$1,336,818 for grant expenditures reported.
- Several grants for 2023-2024 had individually immaterial errors that resulted in a combined absolute misstatement of \$3,510,812 for grant expenditures reported. The combined misstatements totaled \$4,847,630.
- Other errors include federal grant agency names, pass-through entity names, program names, assistance listings numbers, and identifying numbers.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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

Cause

The School Corporation had an oversight and review process designed; however, due to the change in personnel at each year end, the process was not properly implemented.

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 2024-003

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): 2022-2023, 2023-2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-002.

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation related to food service management company claims, food service payroll benefit claims, and food service payroll to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Food Service Management Company

The School Corporation had not designed nor implemented a system of internal controls to ensure that program costs were supported by proper documentation, were allowable, and were only for the operation of the food service program.

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

The School Corporation entered into a cost reimbursement contract, dated July 1, 2020, with a food service management company (FSMC). Four invoices for payment to the FSMC, which totaled \$885,477, were selected for testing. Supporting documentation was presented for only \$760,332 of the costs invoiced. Due to the lack of supporting documentation, the Indiana State Board of Accounts was unable to determine if the remaining costs paid, \$125,145, were allowable expenditures. The costs that were not properly documented were considered questioned costs.

Additionally, in the supporting documentation presented for audit, sales tax was erroneously paid totaling \$862. These unallowable costs were considered questioned costs.

Payroll

In fiscal year 2023-2024, the School Corporation's CTE Coordinator was assigned a new role, Food Service Director/Inventory Coordinator, which included compensation paid out of the Child Nutrition Cluster grant funds. The new role began in May 2024. The Food Service Director did not maintain documentation of time spent on federal program and nonfederal program activities. The total paid to the Food Service Director from the School Lunch fund without proper documentation was \$4,358. The costs that were not properly documented were considered questioned costs.

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). . . ."

7 CFR 210.21(f)(1) states in part:

". . . (ii)

- (A) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

- (B) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

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

(iii) The contractor's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars; . . .

(vi) The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:

(1)

(i) Maintain a nonprofit school food service;

(ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . ."

7 CFR 210.14(a) states in part:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 225.15(a)(1) states:

"Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

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:

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

- (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 over the invoices paid to the FSMC and payroll paid to the Food Service Director were not properly designed or implemented by management. The School Corporation did not receive complete documentation from the FSMC to support the amounts invoiced and did not ensure the Food Service Director maintained a record of actual time spent on child nutrition duties.

Effect

Noncompliance with the grant agreement and the compliance requirement resulted in questioned costs and could result in the repayment of federal funds.

Questioned Costs

Known questioned costs of \$130,365 were identified as detailed in the *Condition and Context*.

Recommendation

We recommended that the School Corporation's management design and implement a system of internal controls to ensure that disbursement documentation will be obtained, retained, and made available for audit and that the disbursements comply with the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2024-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): 2022-2023, 2023-2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-004.

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation contracted with a food service management company (FSMC) for the operation of the food service program. The School Corporation did not have policies or procedures to ensure compliance with procurement requirements to verify that the invoices submitted to the School Corporation were those actually paid by the FSMC or to ensure that the FSMC invoices included credits for any discounts, rebates, or other credits. The School Corporation did not request, nor did the FSMC provide, sufficient documentation to verify that the invoices received by the School Corporation encompassed the same invoices that were paid by the FSMC and that the products charged were received. The School Corporation also did not verify the return of discounts, rebates, or credits from the FSMC.

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). . . ."

7 CFR 210.21(f)(1) states in part:

". . . (iv) The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the State agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;

(v) The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and

(vi) The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department."

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

Cause

The School Corporation did not receive complete documentation from the FSMC to support the amounts invoiced or verify any credits or discounts received or review the invoices that were provided.

Effect

Noncompliance with the grant agreement and the compliance requirement could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management design and implement a proper system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2024-005

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2022-2023, 2023-2024

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-003.

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Monthly Sponsor Claims for Reimbursement (Claims) were submitted to the Indiana Department of Education based upon the number of meals served for the month. The Claims were prepared by the Food Service Manager or food service management company (FSMC) employee.

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

The School Corporation maintained manual meal count records. A point-of-sale system (POS) was used for some schools in some months, but it was not consistent. The reports from the POS identified second student meals and staff meals that were included in the amounts claimed for reimbursement. For all three Claims tested, there were differences between the Claims submitted and the School Corporation's detail meal count reports, resulting in over and under reporting and reimbursement. The Claims tested contained the following errors:

- The December 2022 claim reported 41 more meals served than the eligible meals per the School Corporation's detail meal count reports, which resulted in overclaimed reimbursement totaling \$109. Of this total, \$59 (22 meals) was due to improperly claiming second student or staff meals.
- The March 2023 claim in total reported more meals served than the eligible meals per the School Corporation's detail meal count reports, which resulted in overclaimed meals totaling \$4,254.

Of this total, \$4,144 was due to claiming second student or staff meals, totaling \$1,035, for breakfast and lunch. The School Corporation also underclaimed snacks by 421, which resulted in under reimbursement of \$455. Finally, the claim also contained overcount errors of 136 meals, resulting in overclaimed reimbursement of \$565.

- The August 2023 claim reported fewer meals served than the eligible meals per the School Corporation's detail meal count reports, which resulted in underclaimed meals in net totaling \$11,474. The School Corporation did not claim meals served on August 31, 2023, totaling 3,879 meals. This resulted in underclaimed meal reimbursement totaling \$13,767. The School Corporation also claimed 141 second student and staff meals, which resulted in overclaimed reimbursement totaling \$480. Finally, the claim also contained overcount errors of 497 meals, resulting in overclaimed reimbursement of \$1,813.

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 200.302(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. . . ."

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

Cause

The School Corporation did not have effective internal control procedures in place over the Claims submitted. The Claims did not contain evidence of an oversight or review process in place to prevent, or detect and correct, errors. The Claims were prepared based upon a summary sheet prepared by the FSMC employee and were not verified back to the source records.

Effect

Noncompliance with the grant agreement and the compliance requirement could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and develop policies and procedures over the preparation and review of claims to ensure appropriate reviews, approval, and oversight are taking place. Additionally, management should develop policies and procedures to ensure that the FSMC provides the School Corporation with complete and accurate information for all claim submissions.

Views of Responsible Officials

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

FINDING 2024-006

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report/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): S010A200014, S010A210014, S010A220014, S010A230014

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-006.

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report/High School Graduation Rate compliance requirement.

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

The School Corporation must report 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.

For 24 of 25 students tested, only printouts from the student management software were provided to substantiate the removal of the students. Supporting documentation was not maintained to support the removal from the graduation cohort.

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). . . ."

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

The School Corporation did not have internal controls to ensure required documentation to support the reason for a student's removal from the high school graduation cohort for mobility reasons was prepared, reviewed, and retained.

Effect

Noncompliance with the grant agreement and the compliance requirement could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and develop policies and procedures over the removal of students from the graduation cohort and that appropriate reviews, approval, and oversight are taking place to ensure compliance. Additionally, management should develop policies and procedures to ensure that appropriate documentation is retained to support the removal of students.

GARY 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.

FINDING 2024-007

Subject: Title I Grants to Local Educational Agencies - Eligibility
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): S010A220014, S010A230014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-008.

Condition and Context

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

Data from the School Corporation's student software system (Real Time data reports) was uploaded to the Indiana Department of Education's (IDOE) Data Exchange System. Enrollment information for the School Corporation was then abstracted by the IDOE from the Data Exchange System and pre-populated into the Title I application for the School Corporation. The poverty counts in the Title I application are prepopulated from the Direct Certifications listings by the IDOE. The School Corporation also downloads the direct certification listings into its student management software to support the poverty counts.

The October 1, 2021 and 2022 Real Time (RT) data reports, which were used to prepopulate the School Corporation's enrollment numbers for the 2022-2023 and 2023-2024 Title I applications, were tested for accuracy. Students were selected from the Real Time reports. Their poverty status per the student management software was verified to the Direct Certifications listing from the state provided by the School Corporation. Of the 40 students tested for fiscal years 2022-2023 and 2023-2024, the recorded socioeconomic status of 7 students did not agree to the supporting documentation. The School Corporation's student software listed the 7 students as free or reduced; however, they were not included in the Direct Certification listing provided.

The data used for the enrollment and poverty counts was not readily available for audit due to a turnover in staff. Additional procedures and requests had to be made to obtain the information.

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

GARY 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). . . ."

34 CFR 200.78(a)(1) states:

"After reserving funds, as applicable, under § 200.77, including funds for equitable services for private school students, their teachers, and their families, an LEA must allocate funds under this subpart to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of public school children from low-income families in each area or school."

Cause

The School Corporation had not designed or implemented an oversight or review process to ensure that the enrollment and poverty data prepopulated into the Title I application was accurately reported. Additionally, due to a turnover in personnel, supporting documentation for the social status of the students was not readily available.

Effect

Noncompliance with the grant agreement and the compliance requirement could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and develop policies and procedures over the Title I application enrollment and poverty information and that appropriate reviews, approval, and oversight are taking place to ensure compliance. Additionally, management should develop policies and procedures to ensure that appropriate documentation is retained to support the accuracy of the enrollment and poverty count information in the application.

Views of Responsible Officials

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

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

FINDING 2024-008

Subject: Title I Grants to Local Educational Agencies - Matching, Level of Effort, Earmarking
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): S010A210014, S010A220014,
S010A230014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-005.

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with the Matching, Level of Effort, and Earmarking compliance requirement.

The financial information submitted by the School Corporation to the Indiana Department of Education through the Form 9 report was used to calculate the School Corporation's Level of Effort - Maintenance of Effort.

Management had not developed an oversight or review process to ensure that all payroll expenditure data used to complete the Form 9 report was reported accurately in the correct fund, account, and object code. An internal control process was in place for the payroll expenditures accounted for in grant funds handled by the Title I office, but not for other payroll expenditures of the School Corporation.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed an oversight or review process to ensure that all payroll expenditures data used to complete the Form 9 report was reported accurately in the correct fund, account, and object code.

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

Effect

The failure to design or implement a system of internal controls places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management design and implement a proper system of internal controls that would ensure that the appropriate reviews, approvals, and oversight are documented.

Views of Responsible Officials

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

FINDING 2024-009

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425C, 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D210013,
S425D200013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-010.

Condition and Context

The School Corporation had not properly designed a system of internal controls to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

A property record or capital asset listing is required to be maintained for all equipment, property improvements, and property purchased with the Education Stabilization Fund grant awards to ensure adequate safeguards are in place to prevent loss or damage of items. Equipment to be included in the listing is that which exceeds the School Corporation's capital asset threshold of \$5,000.

The School Corporation purchased \$3,708,207 of equipment and improvements with the Education Stabilization Funds which should have been recorded as capital assets purchased with federal grant funds as these items individually exceeded the capitalization threshold. However, none of the equipment or improvements were detailed in the capital asset listing which also could have documented if the items were properly maintained and safeguarded as required.

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

In addition, in the prior engagement, the School Corporation provided a capital asset listing which included \$5,414,399 of assets which were paid from the Education Stabilization Fund. None of these items were detailed on the capital asset listing provided.

Furthermore, the capital asset listing provided did not include all required information, which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, 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 sales price of the property.

Lastly, the School Corporation did not complete a capital asset inventory every two years as required.

The lack of internal controls and noncompliance were systemic 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 200.313(d) states in part:

". . . (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. . . ."

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

Cause

Management did not develop a system of internal controls to ensure that all items over the capital asset threshold were added to the listing, the capital asset listing included all required information, items purchased were properly maintained and safeguarded, and that a physical inventory was completed at least every two years as required. The School Corporation implemented a new system for capital assets; however, the only items added to the capital asset listing were below the capital asset threshold.

Effect

Noncompliance with the grant agreement and the compliance requirement could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management design and implement a proper system of internal controls that would ensure compliance with the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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



AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001 and 2020-002

Fiscal year in which the finding initially occurred: **2016**

Current Audit Period: **July 1, 2022 – June 30, 2024**

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

Summary of Finding: **establish a system of internal controls that would ensure proper monitoring of the SEFA.**

Status of Audit Finding: Not corrected. The recurrence of this finding is due to the non-communication with the Federal Grants Manager of her responsibilities in regards to the SEFA. Also, a significant turnover in staffing, which has impacted the ability to establish and maintain internal controls for monitoring the SEFA. Although a corrective action plan was previously developed, it was not effectively implemented, and the deficiency remains unresolved.

Response Comments: To address this issue, the entity plans to assign a dedicated staff member to oversee SEFA preparation and monitoring, implement an internal control policy with detailed procedures, and provide training to relevant staff on federal award compliance requirements. Additionally, a formal review process will be established in which the Federal Grants Director and Treasurer will perform initial reviews of the SEFA to ensure accuracy and compliance, followed by a final review conducted by the CFO prior to submission.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002 and 2020-003

Fiscal year in which the finding initially occurred: **2020**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **Child Nutrition Cluster – Activities Allowed or Unallowed, Allowable Costs/Cost Principles**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the grant amendment and the Activities allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirement**

Status of Audit Finding: Partially corrected. we reassigned a staff member to oversee the food service department, focusing specifically on monitoring allowable and unallowable costs under the Child Nutrition Cluster. This individual is tasked with reviewing all food service expenses to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements. Additionally, the assigned employee collaborates regularly with the Food Service Management Company (FSMC) to review cost-related documentation and verify adherence to grant guidelines. A multi-level review process has been implemented to evaluate all food service expenditures prior to approval and reimbursement.

Response Comments: While significant progress has been made, we recognize the need to fully implement the remaining corrective actions to address this finding. Moving forward, we will prioritize the implementation of timesheets for labor records to enhance accountability and ensure compliance with documentation requirements. To address the issue of indirect cost allocations, we will establish a standardized process during the application phase to accurately calculate and allocate these costs in alignment with federal guidelines.

Additionally, we will work closely with the Food Service Management Company (FSMC) to obtain complete documentation related to depreciation expenses and invoice copies for global purchases that are amortized and billed on a monthly basis. This will include establishing clear expectations with the FSMC for timely and comprehensive submission of these records. Regular reviews and follow-ups will be conducted to ensure all required documentation is received and properly recorded.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: **2022**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **Child Nutrition Cluster – Reporting**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the grant amendment and the Reporting compliance requirement**

Status of Audit Finding: Partially corrected – Monthly sponsor claims are now being reviewed collaboratively by the food service coordinator and the FSMC, with both parties signing off on the reimbursement to ensure compliance and accuracy.

Response Comments: Additionally, we are in the process of training all FSMC employees to accurately record meal counts in Skyward, ensuring that all reports align with the claim reimbursement forms. Efforts are ongoing to fully implement the remaining corrective actions, and we are committed to ensuring accurate reporting moving forward.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004 and 2020-005

Fiscal year in which the finding initially occurred: **2018**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **Child Nutrition Cluster – Procurement and Suspension and Disbarment**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Disbarment compliance requirement**

Status of Audit Finding: Partially corrected. A policy has been established that outlines purchasing thresholds to ensure compliance with federal grant requirements, including procurement standards and suspension and debarment rules.

Response Comments: To address this finding, we developed and implemented a formal procurement policy that meets all federal grant requirements. The policy includes clear guidelines for competitive bidding, price comparisons, and sole-source procurement based on dollar thresholds, as well as a requirement to verify all vendors against the System for Award Management (SAM) database to ensure they are not suspended or debarred before awarding contracts or making purchases. While the policy is in place, full implementation has not occurred because the policy has just been approved by the school board. We have not yet received detailed information from the FSMC regarding rebates and discounts. Guidelines will be established to request and review this documentation to ensure compliance and proper reflection in billing reports.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-005 and 2020-012

Fiscal year in which the finding initially occurred: **2020**

Current Audit Period: **July 1, 2022 – June 30, 2024**

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

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with requirements related to the grant amendment and the Matching, Level of Effort, Earmarking and the Reporting compliance requirements**

Status of Audit Finding: This has been partially corrected. Title I and Special Education funds are verified and approved by the directors to ensure accurate distribution before payroll is processed. However, other funds are not currently verified and approved using the same process. Currently, we use the payroll register as an approval tool but it is mainly used to verify the correct amount distribution. During the audit period, oversight of the Title I final expenditure report was limited to the individual submitting it to the Indiana Department of Education (IDOE), without an additional layer of review.

Response Comments: An additional review process will be implemented to ensure that all grant-related funds, including Matching, Level of Effort, and Earmarking, are verified for accurate distribution. This review will encompass all fund, account, object, and location details before payroll is processed. A payroll approval sheet will be created and distributed to the CFO. The CFO will verify that all distributions are accurate for all funds. This sheet will then be signed by the CFO and retained for auditing purposes to ensure proper documentation and accountability. A dual-review **process** will be established for the Title I final expenditure report before submission to the IDOE. This will include an independent review by the CFO or a designated administrator to ensure accuracy and compliance with all reporting requirements.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-006

Fiscal year in which the finding initially occurred: **2022**

Current Audit Period: **July 1, 2022 – June 30, 2024**

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

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the Special Tests and Provisions – Annual Report Card, High School Graduation Rate compliance requirement**

Status of Audit Finding: Not corrected

Response Comments: Additionally, we are in the process of creating procedures on the documentation needed to comply with Title I requirements along with training our staff (Registrars) on the necessary paperwork needed. We also are planning targeted training sessions for Registrars and other relevant staff to ensure they understand the documentation requirements, the importance of accurate record-keeping, and the timely submission of data. To strengthen internal controls, we are instituting a review process to regularly audit submitted data for accuracy and completeness while assigning accountability to designated personnel to oversee compliance.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-007 and 2020-010

Fiscal year in which the finding initially occurred: **2016**

Current Audit Period: **July 1, 2022 – June 30, 2024**

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

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement**

Status of Audit Finding: This has been fully corrected and the original correction has been implemented.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-008 and 2020-011

Fiscal year in which the finding initially occurred: **2020**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **Title I Grants to Local Educational Agencies – Eligibility**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility compliance requirement**

Status of Audit Finding: Not corrected.

Response Comments: To ensure comprehensive and accurate documentation of students' socioeconomic status in compliance with state and federal requirements, we will implement a structured approach involving multiple steps. A team consisting of representatives from Federal Programs, Registration, and district leadership will define the specific data fields required for accurate socioeconomic documentation, ensuring alignment with all relevant regulations. Once the data requirements are established, our Skyward data management specialist will create a report to compile and manage this information, ensuring it is easily accessible, updateable, and reportable. The student enrollment process will be updated by the registration team to include the collection of necessary socioeconomic data, using a standardized form or questionnaire to maintain consistency across all school sites. Training will be provided to all registrars and relevant staff on these new procedures, emphasizing the importance of accurate data collection while ensuring guidelines are in place to handle sensitive information and maintain student privacy. The IT Data department will develop a protocol to review and validate the collected data, with regular audits conducted to ensure accuracy and completeness. Additionally, a quarterly review process will be implemented to assess the effectiveness of these procedures, and annual reports will be generated to monitor progress and compliance with regulations and best practices. These measures will strengthen our ability to document and manage socioeconomic data effectively while safeguarding the privacy of our students.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-009

Fiscal year in which the finding initially occurred: **2022**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **COVID-19 – Education Stabilization Fund – Special Tests and Provisions – Wage Rate Requirements**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the Special Tests and Provisions – Wage Rate Requirements compliance requirement**

Status of Audit Finding: This has been fully corrected and the original corrective action has been implemented.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-010

Fiscal year in which the finding initially occurred: **2022**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **COVID-19 – Education Stabilization Fund – Equipment and Real Property Management**

Summary of Finding: **design or implement a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement**

Status of Audit Finding: The corrective actions have been partially implemented. In June 2024, the Business Office Coordinator position was designated to oversee the tracking of all equipment purchased for the district, entering detailed information into the asset tracking software (Follett). However, the tracking of building assets has not been fully addressed. Efforts are underway to track all building assets in Follett, and moving forward, the district will adhere to capital asset policy #7455.

Response Comments: The district acknowledges the partial implementation of corrective actions and is committed to fully addressing the tracking of building assets in accordance with policy #7455. Ongoing efforts are in place to ensure comprehensive compliance with the Equipment and Real Property Management requirements.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-011

Fiscal year in which the finding initially occurred: **2022**

Current Audit Period: **July 1, 2022 – June 30, 2024**

Finding Subject: **COVID-19 – Education Stabilization Fund – Special Tests and Provisions – Participation of Private School Children**

Summary of Finding: **design or implement an effective system of internal controls that would have ensured compliance, or that documentation would have been maintained and made available for audit, related to the with the Special Tests and Provisions – Participation of Private School Children compliance requirement**

Status of Audit Finding: This has been fully corrected and the original corrective action was implemented.



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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Internal Controls over Financial Reporting
Summary of Finding: Material Weakness

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO
Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:
We concur with the audit finding

Description of Corrective Action Plan:

To strengthen internal controls in financial reporting, Gary Community School Corporation will implement a structured process that enforces segregation of duties. The Treasurer will be responsible for preparing financial documentation, while the CFO will review and approve all transactions before processing. No financial entry will be finalized or integrated into the Indiana Gateway system without this dual verification. Additionally, the CFO will receive a financial report for final review to identify and correct any errors before entries become permanent. Regular reviews and documentation will be conducted to detect and prevent discrepancies. Staff training will be provided to ensure adherence to these procedures.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by March 2025.



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FINDING 2024-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness, Noncompliance

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO

Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:

We concur with the audit finding

Description of Corrective Action Plan:

As it relates to the preparation and reporting of the Schedule of Expenditures of Federal Awards (SEFA), a procedure will be implemented that improves internal controls to prevent, detect, correct errors on the SEFA prior to submission. The Treasurer will prepare the SEFA and ensure the accuracy of all data entered by verifying the information with award letters, agreements, and financial reports. The CFO will also conduct a thorough review to confirm the accuracy and completeness. This segregation of duties will ensure a proper control environment, with the CFO responsible for the final submission. Both the Treasurer and CFO will sign off on all related documentation to affirm accuracy and compliance. This procedure will be communicated to all involved parties, and training will be provided to ensure understanding and adherence to the new controls.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by March 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject: Child Nutrition Cluster – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Summary of Finding: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO

Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

Gary Community School Corporation is committed to strengthening internal controls to ensure compliance with federal regulations governing the Child Nutrition Cluster programs. To address the deficiencies identified in the audit, we will implement a structured system for reviewing and approving all financial transactions related to the food service program. Moving forward, all invoices submitted by the Food Service Management Company (FSMC) will require detailed supporting documentation before payment is processed. The Food Service Director will conduct thorough reviews to verify the accuracy and allowability of costs, ensuring that only eligible expenses are charged to the program. Additionally, a standardized checklist will be developed to confirm compliance with federal cost principles.

To address payroll-related deficiencies, all employees whose salaries are funded by the Child Nutrition Cluster will be required to maintain detailed time and effort records that document their work on federal and non-federal activities. The Payroll Department will not process payments from federal funds without proper documentation, and approval from the CFO/Food Service Director.

To prevent future occurrences of questioned costs, the Business Office Coordinator will carefully review all FSMC invoices to verify that adequate documentation is provided, and any unallowable costs, including sales tax, are identified and excluded before payment is made. Moving forward, internal procedures will include a detailed verification process to ensure that only allowable costs are charged to the program.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by July 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-004

Finding Subject: Child Nutrition Cluster –Procurement and Suspension and Debarment
Cost Principles

Summary of Finding: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO

Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

To address the deficiencies in procurement and suspension and debarment compliance, the Gary Community School Corporation will implement a comprehensive internal control system. The School Corporation will establish and enforce policies and procedures to ensure that all invoices submitted by the Food Service Management Company (FSMC) accurately reflect the amounts paid by the FSMC. A structured process will be developed to verify that all invoices include the required documentation for discounts, rebates, and applicable credits.

To ensure compliance, the School Corporation will require the FSMC to submit detailed documentation supporting all invoices, including proof of payment and a breakdown of any credits. The Business Office Coordinator will be responsible for reviewing and reconciling these invoices before they are approved for payment by the CFO/Food Service Director. The CFO/Food Service Director will oversee this process, and conduct regular reviews to confirm that all financial transactions adhere to procurement regulations.

Additionally, the School Corporation will implement a formalized training program for procurement staff, focusing on federal and state procurement regulations, including invoice verification and compliance with suspension and debarment requirements.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by July 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-005

Subject: Child Nutrition Cluster –Reporting
Audit Finding: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO
Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:
We concur with the finding

Description of Corrective Action Plan:

Gary Community School Corporation (GCSC) is taking immediate action to strengthen internal controls over meal count reporting. The district will fully utilize the Skyward Student Information System to track all meals, including those processed through the Point of Sale (POS) system and a la carte items, ensuring a standardized process across all schools. To improve accuracy and prevent over-claiming, GCSC is implementing a unique student ID system where each student will either scan their ID card or manually enter their assigned ID number when receiving a meal. The CFO/Food Service Director will conduct daily reconciliations of meal counts with the Food Service Management Company (FSMC) and verify all claims against source records to prevent errors. Monthly claims will be reviewed for accuracy, ensuring that second student meals and staff meals are excluded. Additionally, GCSC will establish clear policies and procedures requiring the FSMC to provide complete and accurate data for all claim submissions. Regular internal audits and staff training will be conducted to enforce compliance, and an oversight process will be implemented to detect and correct discrepancies before submission.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by March 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-006

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

Audit Finding: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO

Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

To address the deficiencies related to the accuracy of the Annual Report Card and High School Graduation Rate, the Gary Community School Corporation will implement a structured withdrawal process to ensure proper documentation and verification of student withdrawals. A standardized withdrawal form will be introduced, requiring a parent or legal guardian to complete and sign the document before a student is officially withdrawn from the school. This form will be maintained in the student’s file along with any corresponding records request from the receiving school.

As part of the revised withdrawal process, the principal will be required to review and sign off on all withdrawal requests to ensure accuracy and compliance with reporting requirements. This additional level of oversight will help prevent errors and ensure that student withdrawal data is properly documented and accounted for in graduation rate calculations.

The School Corporation will also provide training for school administrators and registrars involved in the withdrawal and records management process to ensure proper adherence to the updated procedures. Periodic internal audits will be conducted to assess compliance and identify any areas for improvement.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by July 2025.



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TODAY, TOMORROW AND EVERY DAY.”

CORRECTIVE ACTION PLAN

FINDING 2024-007

Subject: Title I Grants to Local Educational Agencies - Eligibility

Audit Finding: Material Weakness, Other Matters

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO

Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

The Gary Community School Corporation has implemented a corrective action plan to strengthen internal controls over Direct Certification data related to food service eligibility and to ensure the accuracy of enrollment and poverty data used in the Title I application process. The Business Services Coordinator will oversee a structured monthly verification process to confirm that student eligibility for free or reduced-price meals is accurately reflected in Skyward, the district’s student management system. Every month, Direct Certification data will be retrieved from the Indiana Department of Education (IDOE) and cross-checked against Skyward records. Additionally, Real Time reports, which are used to prepopulate enrollment numbers for reporting and compliance purposes, will be reviewed to ensure consistency with the verified Direct Certification data. Any discrepancies found between these data sources will be promptly investigated, corrected, and documented to maintain compliance with federal and state food service regulations.

To enhance accountability, staff responsible for managing student eligibility data will receive training on the verification and reconciliation process. This training will ensure that they understand how to properly retrieve Direct Certification data, compare it to Skyward records and Real Time reports, and document necessary corrections.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by July 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-008

Subject: Title I Grants to Local Educational Agencies – Matching, Level of Effort, Earmarking
Audit Finding: Significant Deficiency

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO
Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:
We concur with the finding

Description of Corrective Action Plan:

To address the deficiency related to the Matching, Level of Effort, and Earmarking compliance requirement, the Gary Community School Corporation will implement a comprehensive internal control system to ensure accurate reporting of payroll expenditures in the Form 9 report. A formal oversight and review process will be established to verify that all payroll expenditures, including those outside of the Title I office, are properly recorded in the correct fund, account, and object code.

The CFO will review all payroll expenditures before processing to ensure accuracy and proper classification prior to submission to the Indiana Department of Education through the Form 9 report. Additionally, a detailed reconciliation process will be conducted, cross-referencing payroll records with financial reports to confirm that expenditures are appropriately categorized. This added layer of review will help prevent errors and ensure compliance with grant requirements.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by March 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-009

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Audit Finding: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Linda Zaborowski, CFO
Contact Phone Number and Email Address: (219) 881-5536 lzaborowski@garycsc.k12.in.us

Views of Responsible Officials:
We concur with the finding

Description of Corrective Action Plan:

Gary Community School Corporation (GCSC) is taking immediate action Gary and implementing an internal control system to ensure compliance with federal equipment and real property management requirements. The Business Office Coordinator is now responsible for tagging all equipment purchased for the district and entering all relevant information, including the source of funding and location, into the Follett Software system. When equipment is purchased, a copy of the purchase order will be provided to the Business Office Coordinator to ensure proper tracking and tagging of equipment purchased upon arrival. Inventory will be properly tracked based on GCSC policy # 7455 guidelines.

In addition, all building personnel who receive equipment will be properly trained on procedures to ensure accurate tracking of assets. The Business Office Coordinator, with assistance from the Chief Financial Officer (CFO), will oversee all inventory of equipment and buildings. A physical inventory of all assets will be conducted at least once every two years to comply with federal regulations. These measures will ensure that all property is properly recorded, safeguarded, and maintained to prevent future findings.

Anticipated Completion Date:

Gary Community School Corporation will implement this procedure by July 2025.

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/>.