

**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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP

PORTER 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	Beverly Hindes	07-01-22 to 06-30-25
Superintendent of Schools	Jeffery Brooks	07-01-22 to 06-30-25
President of the School Board	Gerald Michalak John (Jeff) Nilsen	07-01-22 to 01-09-23 01-10-23 to 06-30-25



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INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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 METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER 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 Metropolitan School District of Boone Township (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 March 3, 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 item 2024-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 2024-001.

Metropolitan School District of Boone Township'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

March 3, 2025



Paul D. Joyce, CPA
State Examiner

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ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
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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 METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Metropolitan School District of Boone Township's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2022 to June 30, 2024.

Qualified Opinion on the Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2022 to June 30, 2024.

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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.

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)

Matters Giving Rise to Qualified Opinion on the Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in items 2024-002 for Procurement and Suspension and Debarment and 2024-003 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on the Special Education Cluster (IDEA)

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2024-005 for Matching, Level of Effort, and Earmarking. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002, 2024-003, 2024-004, and 2024-005, to be material weaknesses.

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

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

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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 March 3, 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

March 3, 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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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					
School Breakfast Program			SY2022-2023	\$ -	\$ 60,276	\$ -	\$ -
School Breakfast Program			SY2023-2024	-	-	-	52,315
Total - School Breakfast Program				-	60,276	-	52,315
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
Commodities			SY2022-2023	-	358,327	-	-
Supply Chain Assistance (SCA) Funds			SY2022-2023	-	47,456	-	-
Supply Chain Assistance (SCA) Funds			SY2022-2023	-	61,650	-	-
School Lunch Program			SY2023-2024	-	-	-	271,248
Commodities			SY2023-2024	-	-	-	47,457
Supply Chain Assistance (SCA) Funds			SY2023-2024	-	-	-	37,668
Total - National School Lunch Program				-	467,433	-	356,373
Total - Child Nutrition Cluster				-	527,709	-	408,688
Child Nutrition Discretionary Grants Limited Availability							
Equipment Assistance Grants	Indiana Department of Education	10.579					
			SY2023-2024	-	-	-	30,000
Total - Child Nutrition Discretionary Grants Limited Availability				-	-	-	30,000
Total - Department of Agriculture				-	527,709	-	438,688
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Education IDEA Part B 611 FY2021	Indiana Department of Education	84.027	21611-046-PN01	-	6,447	-	-
Special Education IDEA Part B 611 FY2022			22611-046-PN01	-	63,931	-	6,509
Special Education Part B 611 FFY2023			23611-046-PN01	-	144,723	-	82,259
Special Education IDEA Part B 611 FY2024			24611-046-PN01	-	-	-	159,628
Subtotal - Special Education Grants to States				-	215,101	-	248,396
COVID-19 - Special Education Grants to States							
Special Education IDEA ARP 611 FY2022	Indiana Department of Education	84.027	22611-046-ARP	-	7,010	-	49,116
Total - Special Education Grants to States				-	222,111	-	297,512
Special Education Preschool Grants							
Special Education Preschool 619 FY2022	Indiana Department of Education	84.173	22619-006-PN01	-	376	-	-
Special Education Preschool 619 FY2023			23619-006-PN01	-	7,017	-	340
Special Education Preschool 619 FY2024			24619-046-PN01	-	-	-	5,540
Subtotal - Special Education Preschool Grants				-	7,393	-	5,880

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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
COVID-19 - Special Education Preschool Grants Special Education IDEA ARP 619 FFY2022	Indiana Department of Education	84.173	22619-046-ARP	-	-	-	4,182
Total - Special Education Preschool Grants				-	7,393	-	10,062
Total - Special Education Cluster (IDEA)				-	229,504	-	307,574
Title I Grants to Local Educational Agencies Title 1 - 2021-2022 #4150 Title I - 2022-2023 Title 1 - 2023-2024 #4170	Indiana Department of Education	84.010	SY2021-2022 SY2022-2023 SY2023-2024	- - -	18,191 88,178 -	- - -	- 15,488 69,675
Total - Title I Grants to Local Educational Agencies				-	106,369	-	85,163
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Title II-Part A 20/21 FFY2020 Title II - Part A 21/22 FFY2021 Title II - Part A 22/23 FFY2022	Indiana Department of Education	84.367	SY2020-2021 FFY2021 FFY2022	- - -	27,274 - 3,753	- - -	- 16,465 2,743
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	31,027	-	19,208
Student Support and Academic Enrichment Program Title IV	Indiana Department of Education	84.424	S424A200015	-	14,896	-	9,805
COVID-19 - Education Stabilization Fund ESSER II #7931 ARP/ESSER III #7923	Indiana Department of Education	84.425D 84.425U	S425D210013 S425U210013	- -	9,880 298,551	- -	197,617 222,468
Total - COVID-19 - Education Stabilization Fund				-	308,431	-	420,085
Total - Department of Education				-	690,227	-	841,835
Department of Health and Human Services							
Medicaid Cluster Medical Assistance Program Federal Medicaid FY2023 Federal Medicaid FY2023-2024	Indiana Department of Education	93.778	SY2023 SY2023-2024	- -	1,898 -	- -	- 18,539
Total - Medical Assistance Program				-	1,898	-	18,539
Total - Medicaid Cluster				-	1,898	-	18,539
Total - Department of Health and Human Services				-	1,898	-	18,539
Total federal awards expended				\$ -	\$ 1,219,834	\$ -	\$ 1,299,062

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

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

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following 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. Porter County Education Interlocal

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Qualified

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

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

FINDING 2024-001

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

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 filed its reports as prescribed; however, the internal controls over the federal award information entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not properly review the federal grant information prepared and entered in the AFR. One employee prepared and entered the federal award information into the AFR, and another employee reviewed and approved the information entered. However, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of internal controls, the SEFA included various grants which had individually immaterial errors, which resulted in a combined material misstatement of \$90,181 and \$160,848 for the fiscal years ended June 30, 2023 and 2024, respectively.

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 . . ."

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: . . .

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.510(b) states:

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

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

Cause

The School Corporation had not developed an effective oversight or review process to ensure the federal grant information was properly reported in the AFR.

Effect

Without a proper system of internal controls in place that operated effectively, federal grant information was not properly entered into the AFR, and, therefore, material misstatements on 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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY2022-2023, SY2023-2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
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 2022-001.

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the purchase of goods and services that fell within the small purchase threshold or were considered covered transactions.

Procurement - Small Purchases

When the value of goods or services exceeds the simplified acquisition threshold, the proper purchasing method would be the bidding process, unless the purchase meets certain other qualifications. Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds: micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. If it is determined a single source provider can be used for a small purchase, documentation must be retained supporting the determination.

The School Corporation had not designed or implemented internal controls, which would consist of policies and procedures, to ensure that proper procurement procedures for small purchases were followed. A population of two small purchase vendors for fiscal year ending June 30, 2023; and a population of three small purchase vendors for fiscal year ending June 30, 2024, were identified. All five were selected for testing. For three of the five small purchase transactions, totaling \$102,026, the School Corporation did not obtain price or rate quotes nor was there documentation detailing the history of procurement, which must include the reason for the procurement method used.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Suspension and Debarment

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAM exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

The School Corporation had not designed or implemented internal controls, which would consist of policies and procedures, to ensure that vendors were not suspended or debarred prior to entering into a covered transaction. The School Corporation had three covered transactions that equaled or exceeded \$25,000 during the audit period that were identified and selected for testing. Payments to the vendors, totaling \$194,537, were made without verifying if the vendors were suspended, debarred, or otherwise excluded from participation in federal awards.

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 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 200.318(i) states:

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

Indiana Code 5-22-8-3(d) states: "If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required."

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) *Small purchases* —

(i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM.gov Exclusions, or
- (b) Collecting a certification from that person, or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

A proper system of internal controls was not designed and implemented by management of the School Corporation, which would include segregation of key functions. The School Corporation did not adequately perform suspension and debarment procedures and were not aware of small purchase requirements.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, price or rate quotes were not obtained for small purchases and vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a system of internal controls and develop policies and procedures to ensure rate or price quotes are obtained for small purchases and ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

Views of Responsible Officials

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

FINDING 2024-003

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY2022-2023, SY2023-2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation had not properly implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to determining the eligibility of a child to receive free or reduced-price meals.

A child's eligibility for free or reduced-price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies, institutions, and sponsors then determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Additionally, a child may be direct certified. For a direct certification, annual eligibility determinations are based on the child's household receiving benefits under the Supplemental Nutrition Assistance Program (SNAP), the Food Distribution Program on the Indian Reservations (FDPIR), the Head Start program (ALN 93.600), or, under most circumstances, the Temporary Assistance for Needy Families (TANF) program (ALN 93.558). A household may furnish documentation of its participation in one of these programs; or the school, institution, or sponsor may obtain the information directly from the state or local agency that administers these programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application for free or reduced-price meals.

The School Corporation contracted with a Food Service Management Company (FSMC) for the operation of the food service program during the audit period. The FSMC had a dedicated representative who worked exclusively with the School Corporation. The School Corporation did not have policies or procedures in place to ensure compliance with determining the eligibility of students for free and reduce price meals as noted in the following:

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Direct Certifications

The FSMC representative was responsible for generating and reviewing the direct certification file. The FSMC representative downloaded the direct certification file from the State of Indiana database and uploaded it to the school lunch point-of-sale (POS) system. There was no documentation of review by the School Corporation to ensure the upload had been completed, that the upload had imported correctly, or the students' statuses were updated accordingly.

Applications

The School Corporation utilized a POS system to determine eligibility of the applications submitted for free and reduced price meals based on income eligibility guidelines. The income eligibility guidelines were input by the FSMC representative and reviewed by a knowledgeable school employee for the year ended June 30, 2024; however, there was no documented review or approval in place to ensure the guidelines were properly entered for the year ended June 30, 2023.

Applications were submitted online as part of the annual registration process, and, when fully complete, the determination of eligibility was completed by the POS system based on the inputted income eligibility guidelines. The School Corporation relied solely on the POS system to calculate and determine the eligibility status of student applications. There was no documentation of procedures or review to ensure the software system was accurately calculating and determining the student eligibility status.

Of the 30 students receiving free and reduced-price meals that were tested, the following noncompliance was noted:

- Two students were receiving free meals but, based on reported income, were determined to be eligible for reduced-priced meals.
- Two students were receiving reduced-price meals but, based on reported income, were determined to be eligible for free meals.

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). . . ."

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 245.6(c)(4) states:

"The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable."

Cause

The system of internal controls over the monthly direct certification uploads, review of the income eligibility guidelines saved in the POS system, and application records were not properly implemented. The School Corporation relied on the FSMC and the POS to determine eligibility without an oversight process in place.

Effect

Without the proper implementation of an effectively designed system of internal controls, the School Corporation did not calculate eligibility accurately. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would ensure student eligibility for free or reduced-price lunches is accurately determined and that all documentation is retained.

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: Special Education Cluster (IDEA) - Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 22611-046-PN01, 23611-046-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is a member of the Porter County Education Interlocal (Cooperative). During fiscal year 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Procurement and Suspension and the Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the suspension and debarment requirements. The Cooperative did not have effective internal controls to ensure compliance with the suspension and debarment requirements.

Prior to entering into covered transactions with grant award funds, entities are required to verify that vendors under covered transactions are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods or services awarded under procurement and nonprocurement transactions (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the System for Award Management (SAM) exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the Cooperative in order to review procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the Cooperative explained that if the covered transaction had a contract, the contract was verified to make sure the clause for suspension and debarment was included. However, if the covered transaction did not involve a contract, the Cooperative did not have procedures in place to verify the suspension and debarment requirements. A population of five covered transactions for goods or services that equaled or exceeded \$25,000 paid from grant award funds during the audit period was identified. Three of the five covered transactions did not have documentation to show that they were verified for the suspension and debarment requirements.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) Checking the SAM.gov Exclusions, or
- (b) Collecting a certification from that person, or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

The Cooperative indicated that if the covered transaction had a contract, the contract was verified to make sure the clause for suspension and debarment was included. However, if the covered transaction did not involve a contract, the Cooperative did not have procedures in place to verify the suspension and debarment requirements.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors to whom payments equal to or in excess of \$25,000 were not verified to be suspended, debarred, or otherwise excluded.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure vendors are not suspended, debarred, or otherwise excluded prior to entering into any covered transactions.

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: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, COVID-19 - Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 22611-046-PN01, 22611-046-ARP
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is a member of the Porter County Education Services (Cooperative). During fiscal year 2023-2024, the Cooperative operated the special education program and spent the federal money on behalf of all its members. As the grant agreement was between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for nonpublic school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure nonpublic school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 22611-046-PN01 and 22611-046-ARP grant awards could not be verified for the individual member schools. Total grant expenditures were posted as expended. The nonpublic proportionate share expenditures were determined by applying a percentage to the nonpublic school budgeted expenditures. As such, we were unable to identify if the minimum amount per the grant award was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance was isolated to the 22611-046-PN01 and 22611-046-ARP grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

(g) Be adequately documented. . . ."

2 CFR 200.208(b) states in part: "The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Through inquiry of the Cooperative management, they were unaware of the requirements to track nonpublic proportionate share expenditures directly for each member school. While the Cooperative did implement new processes and procedures to ensure expenditures were tracked by member schools starting in July 2022, all of the grant awards had been allocated to the member schools based on a percentage of the budget.

Effect

Without the proper implementation of an effectively designed system of internal controls, the School Corporation was unable to ensure the Cooperative compliance with earmarking requirements and the Cooperative was unable to track expenditures for nonpublic services for each member school. Consequently, the amounts requested for reimbursement were not supported by actual expenditures, but rather a percentage based on the budget per member school. Because of this, expenditures were not accurately reported to the oversight agency.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure nonpublic proportionate share funds are appropriately allocated to the member school based on expenditures charged directly on behalf of the member school. Supporting documentation for these expenditures should be retained for audit.

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.

Administration
Jeffrey J. Brooks
Superintendent
Aaron M. Owney
Principal
Hebron High School
Matthew A. Beahm
Principal
Hebron Middle School
Timothy R. Prikkel
Principal
Hebron Elementary School

METROPOLITAN SCHOOL DISTRICT
of
BOONE TOWNSHIP

307 South Main Street • Hebron, IN 46341
Phone: 219-996-4771 • Fax: 219-996-5777
Website: www.hebron'chools.k12.in.us

School Board
John J. Nilsen
President
Chad M. Franzman
Vice President
Keith P. Buchanan
Secretary
Keith J. Cunningham
Member
Gerald S. Michalak
Member

Mission Statement:

The mission of the MSD of Boone Township is to educate and prepare today's students for tomorrow's challenges.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: July 1, 2022 through June 30, 2024

Finding Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Summary of Audit Findings: Internal controls were not in place related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. For one of two vendors, procurement procedures were not followed for a vendor that exceeded the simplified acquisition threshold. Sealed Bids or competitive proposals, as required, were not obtained from an adequate number of sources, nor was a circumstance met that would have allowed for noncompetitive procurement for the purchase of kitchen equipment from C&T Design and Equipment Co. Additionally, the School Corporation did not verify that C&T Design and Equipment Co. was neither suspended nor disbarred, or otherwise excluded or disqualified from participating in federal assistance programs.

Status of Audit Finding: Not corrected

Response Comments: The school corporation, going forward, will document vendors that do not reply to requests for proposal. Additionally, The school corporation will document the requests, responses and determinations for all procurement methods. The process for verifying vendors were not suspended or debarred and maintaining records will be established.

#YouBelongAtHebron

WHERE STUDENTS SOAR

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Gerald S. Michalak
Member

Corrective Action Plan

Finding 2024-001

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

Contact Person Responsible for Corrective Action: Beverly Hindes

Contact Phone Number: 219-996-4771 x128

Views of Responsible Officials: We agree with this finding.

Description of Corrective Action Plan:

A document will be created in order to manage all of the annual Schedule of Expenditures of Federal Awards (SEFA) that the school corporation receives. Additionally, training to assist designee ability to detect errors prior to submission.

Anticipated Completion Date: March 31, 2025

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Member

Corrective Action Plan

Finding 2024-002

Finding Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Beverly Hinds

Contact Phone Number: 219-996-4771 x128

Views of Responsible Officials: We agree with the finding.

Description of Corrective Action Plan:

The Treasurer will ensure compliance with the Procurement and Suspension and Debarment requirement.

Anticipated Completion Date: March 3, 2025

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Member
Gerald S. Michalak
Member

Finding 2024-003

Finding Subject: Child Nutrition Cluster - Eligibility

Contact Person Responsible for Corrective Action: Kelsey Rodriguez and Beverly Hindes

Contact Phone Number: 574-229-2209 and 219-996-4771 x128

Views of Responsible Officials: We agree with the finding.

Description of Corrective Action Plan:

The Treasurer will ensure compliance with the Food Service Director (NIESC) Kelsey Rodriguez, with the student determination guidelines to receive free or reduced priced meals.

The designee will review and sign off.

Additionally, all documentation will be maintained.

Anticipated Completion Date: March 31, 2025

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Member

Mission Statement:

The mission of the MSD of Boone Township is to educate and prepare today's students for tomorrow's challenges.

Corrective Action Plan

Finding 2024-004

Finding Subject: Special Education Cluster (IDEA) - Suspension and Debarment

Contact Person Responsible for Corrective Action: Beverly Hindes

Contact Phone Number: 219-996-4771 x128

Views of Responsible Officials: We agree with the finding.

Description of Corrective Action Plan: The Treasurer will work with the Special Education Co- op to ensure compliance with the Suspension and Debarment requirement.

Anticipated Completion Date: March 31, 2025

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WHERE STUDENTS SOAR

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Principal
Hebron Middle School
Timothy R. Prikkel
Principal
Hebron Elementary School

METROPOLITAN SCHOOL DISTRICT
of
BOONE TOWNSHIP

307 South Main Street • Hebron, IN 46341
Phone: 219-996-4771 • Fax: 219-996-5777
Website: www.hebronschools.k12.in.us

Mission Statement:

The mission of the MSD of Boone Township is to educate and prepare today's students for tomorrow's challenges.

School Board

John J. Nilsen
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Vice President
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Corrective Action Plan

Finding 2024-005

Finding Subject: Special Education Cluster (IDEA) - Earmarking

Contact Person Responsible for Corrective Action: Beverly Hindes

Contact Phone Number: 219-996-4771 x128

Views of Responsible Officials: We agree with the finding.

Description of Corrective Action Plan: The Treasurer will work with the Special Education Co- op to ensure compliance with the Earmarking requirement.

Anticipated Completion Date: March 31, 2025

#YouBelongAtHebron

WHERE STUDENTS SOAR

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/>.