

**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  
SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION  
VERMILLION COUNTY, INDIANA  
July 1, 2022 to June 30, 2024



**FILED**

03/03/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Assistant Superintendent of Schools	Micah P. Williams	07-01-22 to 06-30-25
Superintendent of Schools	David A. Chapman	07-01-22 to 06-30-25
President of the School Board	John P. Roehm	07-01-22 to 06-30-25



Paul D. Joyce, CPA  
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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](http://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 SOUTH VERMILLION COMMUNITY  
SCHOOL CORPORATION, VERMILLION 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 South Vermillion 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 18, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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 18, 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 SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

## Report on Compliance for Each Major Federal Program

### ***Qualified and Unmodified Opinions***

We have audited the South Vermillion Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the 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 Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified 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.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2022 to June 30, 2024.

### **Basis for Qualified and Unmodified 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)

*Matter 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 10.553, 10.555, and 10.559 Child Nutrition Cluster, as described in item 2024-002 for Procurement and Suspension and Debarment. 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.
- 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.

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

**Other Matters**

*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 2024-001 and 2024-002, 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.

*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 18, 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 18, 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.



SOUTH VERMILLION 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY2023	\$ -	\$ 211,646	\$ -	\$ -
School Breakfast Program			FY2024	-	-	-	168,968
Total - School Breakfast Program				-	211,646	-	168,968
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
Supply Chain Assistance			FY23/FY24	-	645,717	-	490,386
Commodities			FY23/FY24	-	37,420	-	-
			FY23/FY24	-	63,722	-	81,468
Total - National School Lunch Program				-	746,859	-	571,854
Summer Food Service Program for Children							
Summer Food Program	Indiana Department of Education	10.559					
			FY23/FY24	-	5,475	-	5,984
Total - Child Nutrition Cluster				-	963,980	-	746,806
Total - Department of Agriculture				-	963,980	-	746,806
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY 2021 Federal Part B 611	Indiana Department of Education	84.027	21611-145-PN01	-	1,008	-	-
FY 2022 Federal Part B 611			22611-06-PN-01	-	288,462	-	-
FY 2022 Federal Part B 611			22611-06-PN-01	-	-	-	8,964
FY 2023 Federal Part B 611			23611-06-PN01	-	83,686	-	-
FY 2023 Federal Part B 611			23611-06-PN01	-	-	-	387,580
FY 2024 Federal Part B 611			24611-145-PN01	-	-	-	86,313
Subtotal - Special Education Grants to States				-	373,156	-	482,857
COVID-19 - Special Education Grants to States							
FY 2022 IDEA ARP	Indiana Department of Education	84.027	22611-06-ARP	-	93,352	-	-
FY 2022 IDEA ARP			22611-06-ARP	-	-	-	445
Subtotal - COVID-19 - Special Education Grants to States				-	93,352	-	445
Total - Special Education Grants to States				-	466,508	-	483,302
Special Education Preschool Grants							
FY 2022 Federal Preschool 619	Indiana Department of Education	84.173	22619-06-PN-01	-	16,289	-	-
FY 2022 Federal Preschool 619			22619-06-PN-01	-	-	-	1,364
FY 2023 Federal Preschool 619			23619-006-PN01	-	-	-	17,886
FY 2024 Preschool 619			24619-006-PN01	-	-	-	5,598
Subtotal - Special Education Preschool Grants				-	16,289	-	24,848

SOUTH VERMILLION 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
COVID-19 - Special Education Preschool Grants FY 2022 IDEA ARP 619 FY 2022 IDEA ARP Federal Preschool 619	Indiana Department of Education	84.173	22619-006-ARP 22619-06-ARP	- -	6,974 -	- -	- 28
Subtotal - COVID-19 - Special Education Preschool Grants				-	6,974	-	28
Total - Special Education Preschool Grants				-	23,263	-	24,876
Total - Special Education Cluster (IDEA)				-	489,771	-	508,178
Adult Education - Basic Grants to States Adult Education 2021-2022 Adult Ed. 2022-2023 Technology Grant (ABE) - Adult Education Technology Grant (ABE) - Adult Education Adult Ed. 2022-2023 Adult Education 2023-2024	Indiana Department of Workforce Development	84.002	AE21123 AE22123 AE22123 AE22123 AE22123 AE23123	- - - - - -	27,628 136,054 1,316 - - -	- - - - - -	- - - 5,684 17,330 159,977
Total - Adult Education - Basic Grants to States				-	164,998	-	182,991
Title I Grants to Local Educational Agencies Title I 2021-22 Title I 2022-23 Title I 2022-2023 Title I 2023-2024	Indiana Department of Education	84.010	S010A220014 S010A230014 S010A230014 S010A240014	- - - -	89,158 259,974 - -	- - - -	- - 80,491 282,683
Total - Title I Grants to Local Educational Agencies				-	349,132	-	363,174
Career and Technical Education - Basic Grants to States Perkins Basic 2021-2022 Perkins Assessment Grant 21-22 Perkins Basic 2022-23 Perkins Basic 2022-2023 Perkins Assessment Grant 2022-2023 Perkins Assessment Grant 2022-2023 Perkins CLNA Grant 2021-2022 FY 23 Perkins Reserve Perkins Basic (2023-2024)	Indiana Governor's Workforce Cabinet	84.048	20-0512-8020 22-0512-A029 23-0512-8020 23-0512-8020 23-0512-A029 23-0512-A029 23-0512-C029 23-0512-RE29 24-0512-8020	- - - - - - - - -	61,899 3,305 74,436 - 3,000 - 2,500 - -	- - - - - - - - -	- - - 67,529 - 700 - 81,951 98,071
Total - Career and Technical Education - Basic Grants to States				-	145,140	-	248,251
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Title II (A) 2021 Title IIA FFY 2022 Title II A FFY 2023 Title IIA FFY 2024	Indiana Department of Education	84.367	S367A21013 S367A21013 S367A22013 S367A23013	- - - -	63,853 - - -	- - - -	- 1,260 1,240 51,664
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	63,853	-	54,164

SOUTH VERMILLION 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
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV A FY 2020			S424A200015	-	4,525	-	-
Title IV A FY 2021			S424A210015	-	23,318	-	-
Title IV A - Student Support and Academic Enrichment			S424A220015	-	-	-	14,979
TITLE IV A FY 2023			S424A230015	-	3,988	-	-
Title IV A - Student Support and Academic Enrichment			S424A230015	-	-	-	2,561
Total - Student Support and Academic Enrichment Program				-	31,831	-	17,540
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
GEER I		84.425C	Contract #46504	-	583	-	-
ESSER I		84.425D	S425D200013	-	12,683	-	-
ESSER II		84.425D	S425D210013	-	88,098	-	-
ESSER II		84.425D	S425D210013	-	-	-	152,518
ESSER III		84.425U	S425U210013	-	483,046	-	-
ESSER III		84.425U	S425U210013	-	-	-	229,956
ARP = HCY II		84.425W	S425W210015	-	-	-	13,631
Total - COVID-19 - Education Stabilization Fund				-	584,410	-	396,105
Total - Department of Education				-	1,829,135	-	1,770,403
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid			FY23	-	3,740	-	-
Medicaid			FY24	-	-	-	4,994
Total - Medical Assistance Program				-	3,740	-	4,994
Total - Medicaid Cluster				-	3,740	-	4,994
Total - Department of Health and Human Services				-	3,740	-	4,994
Total federal awards expended				\$ -	\$ 2,796,855	\$ -	\$ 2,522,203

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

SOUTH VERMILLION 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. Special Education Cooperative**

The School Corporation is a member of the Covered Bridge Special Education District Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

**Note 4. Career and Technical Education Cooperative**

The School Corporation is a member of a career and technical education cooperative (Career Cooperative) and serves as the fiscal agent for the Career Cooperative. As a result, some activity for the Career and Technical Education - Basic Grants to States program that is presented as receipts and disbursements in the financial statement is not presented on the SEFA.

SOUTH VERMILLION 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	Qualified Unmodified

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

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

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2024-001**

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): FY2023, FY2024, FY23/FY24  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Reporting  
 Audit Finding: Material Weakness

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

*Condition and Context*

There were no internal controls in place to ensure that the School Corporation complied with the reporting requirements. The reimbursement request reports were prepared and submitted by the Food Service Director without any oversight, review, or approval process to ensure accuracy of the reports. There was no oversight to verify that the number of meals served matched the report filed.

The lack of internal controls was 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 200.301 states in part:

"(a) The Federal awarding agency must measure the recipient's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices. Program goals and objectives should be derived from program planning and design. See § 200.202 for more information. Where appropriate, the Federal award may include specific program goals, indicators, targets, baseline data, data collection, or expected outcomes (such as outputs, or services performance or public impacts of any of these) with an expected timeline for accomplishment. Where applicable, this should also include any performance measures or independent sources of data that may be used to measure progress. The Federal awarding agency will determine how performance progress is measured, which may differ by program. Performance measurement progress must be both measured and reported. See § 200.329 for more information on monitoring program performance. The Federal awarding agency may include program-specific requirements, as applicable. These requirements must be aligned, to the extent permitted by law, with the Federal awarding agency strategic goals, strategic objectives or performance goals that are relevant to the program. See also OMB Circular A-11, Preparation, Submission, and Execution of the Budget Part 6.

(b) The Federal awarding agency should provide recipients with clear performance goals, indicators, targets, and baseline data as described in § 200.211. Performance reporting frequency and content should be established to not only allow the Federal awarding agency to understand the recipient progress but also to facilitate identification of promising practices among recipients and build the evidence upon which the Federal awarding agency's program and performance decisions are made. See § 200.328 for more information on reporting program performance. . . ."

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

*Cause*

Management had not developed or implemented a system of internal controls that would have ensured that the monthly reimbursement request filed matched the meals served per the cafeteria software.

*Effect*

The failure to establish an effective internal control system could have resulted in the reimbursement request being filed for the wrong number of meals served. Noncompliance with the grant agreement and the Reporting compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management strengthen its system of internal controls to ensure that the reporting of meals served is verified for accuracy.

*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: 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): FY2023, FY2024, FY23/FY24  
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 2022-003.

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

*Procurement*

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$150,000. 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 of \$10,000 or under, and small purchase procedures for those purchases above the micro-purchases 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.

There were no internal controls in place to ensure that the School Corporation complied with the small purchase requirements. The School Corporation obtained quotes for the two vendors that qualified for the small purchase threshold, but there was no review or oversight process performed.

*Suspension and Debarment*

There were no internal controls in place to ensure that the School Corporation complied with the suspension and debarment requirements. The School Corporation did not verify that the two vendors were not suspended or debarred. They did not have a contract with the vendors that included the suspension and debarment clause, did not collect a certification from the vendors, and did not check the Sam.gov website to verify that vendors were not suspended or debarred.

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 200.318(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."

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION  
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*

Management had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation obtained quotes for the two vendors that qualified for the small purchase threshold, but there was not a review or oversight performed. The School Corporation was unaware of the requirement to provide documentation to show that a verification was done to determine that the two vendors were not suspended or debarred.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the School Corporation could have used a vendor that charged more than the lowest quote for small purchases or could have entered into transaction with vendors that were excluded from participating in federal transactions. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could result in the loss of future federal funds to the School Corporation.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and 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.

#### AUDITEE-PREPARED DOCUMENTS

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



# SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-001 and 2022-001***

**Fiscal year in which the finding initially occurred:** FY18

**Current Audit Period:** FY24

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

#### **Summary of Finding:**

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA.

#### **Status of Audit Finding:**

Fully Corrected and the original corrective action was implemented.



# SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2022-002***

**Fiscal year in which the finding initially occurred:** FY22

**Current Audit Period:** FY24

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

**Summary of Finding:**

An effective internal control system was not designated , nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Supporting documentation provided did not support the Full Time Equivalent (FTE) position amounts reported on the ESSER I, Yr. 1 and GEER I, Year 1 reports.

**Status of Audit Finding:**

Fully Corrected and the original corrective action was implemented.



# SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-003 and 2022-003***

**Fiscal year in which the finding initially occurred:** FY20

**Current Audit Period:** FY24

#### **Finding Subject: Child Nutrition Cluster - Procurement**

##### **Summary of Finding:**

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain price or rate quotes for the sole vendor tested that was less than the simplified acquisition threshold of \$150,000, but exceeded the \$10,000 micro-purchase threshold. Documentation detailing the history of procurement, which must include the reason for the procurement method used, was not available for audit.

##### **Status of Audit Finding:**

Not Corrected.

##### **Response Comments:**

The finance department was under the impression if they received three or more quotes (under 150,000) and signed a PO agreement that the procurement process was met. With that being said, the finance department understands the rules and regulations when it comes to procurement and debarment.



# **SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION**

## **CORRECTIVE ACTION PLAN**

### ***FINDING 2024-001***

#### **Finding Subject: Child Nutrition Cluster - Reporting**

#### **Summary of Finding:**

There were no controls in place to ensure that the School Corporation complied with the reporting requirements. The reimbursement request reports were prepared and submitted by the Food Service Director without any oversight, review or approval process to ensure accuracy of the reports. There was no oversight to make sure that the number of meals served matched the report filed.

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

**Contact Person Responsible for Corrective Action: Amanda Myers**

**Contact Phone Number and Email Address: 765-832-3551/[amyers@svcs.k12.in.us](mailto:amyers@svcs.k12.in.us)**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

Amanda Myers, Food Services Director, will continue to receive the information for the monthly meals served from the cafeteria managers at each school. Once she enters the information, the HS cafeteria manager will review the numbers to ensure that the information was entered correctly. The reimbursement forms and information that was entered will be submitted to the finance department to ensure the reimbursement process is correctly receipted.

#### **Anticipated Completion Date:**

Immediate.



# SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION

## CORRECTIVE ACTION PLAN

### ***FINDING 2024-002***

#### **Finding Subject: Child Nutrition - Procurement, Suspension, and Debarment**

#### **Summary of Finding:**

There were no controls in place to ensure that the School Corporation complied with the small purchase requirements. The School Corporation obtained quotes for the two vendors that qualified for the small purchase threshold, but no oversight performed.

There were no controls in place to ensure that the vendors included a suspension and debarment clause or check the Sam.gov website.

**Contact Person Responsible for Corrective Action: Micah Williams**

**Contact Phone Number and Email Address: 765-832-2426/mwilliams@svcs.k12.in.us**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

The finance department will work in conjunction with the Food Services Director to ensure that quotes are obtained from vendors that are listed on Sam.gov or have a suspension and debarment clause before making in purchases. There will be an email thread detailing the request, the quotes, and the process for ensuring suspension and debarment.

#### **Anticipated Completion Date:**

Immediate.

## 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/>.