

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

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

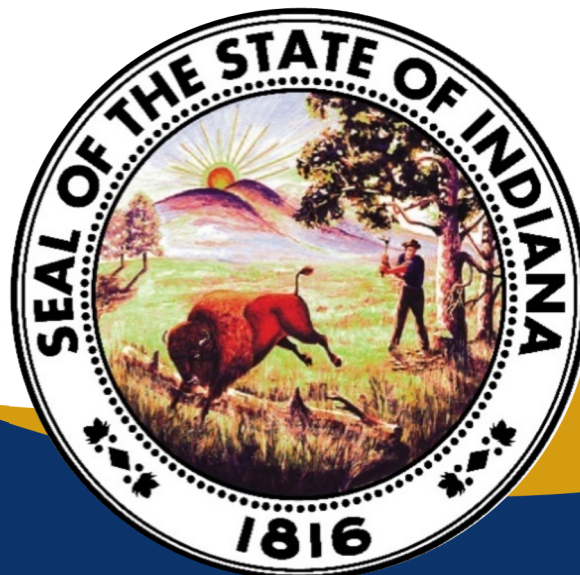
FEDERAL COMPLIANCE AUDIT REPORT

OF

MT. VERNON COMMUNITY SCHOOL CORPORATION

HANCOCK COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/31/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Greg Elkins	07-01-22 to 06-30-25
Treasurer	Lisa Heitman	07-01-22 to 06-30-25
Superintendent of Schools	Jack Parker	07-01-22 to 06-30-25
President of the School Board	Kellie Freeman Chad Gray Shannon Walls	07-01-22 to 12-31-22 01-01-23 to 12-31-24 01-01-25 to 06-30-25



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

TO: THE OFFICIALS OF THE MT. VERNON COMMUNITY SCHOOL
CORPORATION, HANCOCK 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 Mt. Vernon 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 March 13, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002.

Mt. Vernon Community School Corporation's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 13, 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 MT. VERNON COMMUNITY SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mt. Vernon 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.

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 major federal programs for the period of July 1, 2022 to June 30, 2024.

Basis for Opinion on Each Major Federal Program

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.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-004, and 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control over Compliance

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

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 2024-003, 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.

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 March 13, 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 13, 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.



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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program							
National School Breakfast Program	Indiana Department of Education	10.553	FY 2022-2023	\$ -	\$ 184,549	\$ -	\$ -
National School Breakfast Program			FY 2023-2024	-	-	-	201,588
Total - School Breakfast Program				-	184,549	-	201,588
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2022-2023	-	1,005,971	-	-
National School Lunch Program			FY 2023-2024	-	-	-	982,063
Supply Chain Assistance			FY 2022-2023	-	217,557	-	-
Supply Chain Assistance			FY 2023-2024	-	-	-	141,699
Commodities			FY 2022-2023	-	139,165	-	-
Commodities			FY 2023-2024	-	-	-	142,656
Total - National School Lunch Program				-	1,362,693	-	1,266,418
Total - Child Nutrition Cluster				-	1,547,242	-	1,468,006
Total - Department of Agriculture				-	1,547,242	-	1,468,006
Federal Communications Commission							
Emergency Connectivity Fund Program							
Emergency Connectivity Fund Program	Direct Grant	32.009	FY 2022-2023	-	102,398	-	-
Total - Emergency Connectivity Fund Program				-	102,398	-	-
Total - Federal Communications Commission				-	102,398	-	-
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
5208 Part B 611 FY21	Indiana Department of Education	84.027	H027A200084	-	32,649	-	-
5208 Part B 611 FY21 CEIS			H027A200084	-	51,210	-	-
5210 Part B 611 FY22			H027A210084	-	427,943	-	15,783
5210 Part B 611 FY22 CEIS			H027A210084	-	91,186	-	19,015
5214 Part B 611 FY23			H027A220084	-	332,513	-	553,366
5216 Part B 611 FY24			H027A230084	-	-	-	392,024
Subtotal - Special Education Grants to States				-	935,501	-	980,188

MT. VERNON 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 Grants to States 5212 Part B 611 FY22 ARP	Indiana Department of Education	84.027	H027X210084	-	128,433	-	95,923
Total - Special Education Grants to States				-	1,063,934	-	1,076,111
Special Education Preschool Grants 5209 Part B 619 FY21 5211 Part B 619 FY22 5215 Part B 619 FY23 5213 Part B 619	Indiana Department of Education	84.173	H173A200104 H173A210104 H173A220104 H173A230104	- - - -	1,327 - - -	- - - -	- 18,157 33,122 23,693
Subtotal - Special Education Preschool Grants				-	1,327	-	74,972
COVID-19 - Special Education Preschool Grants 5213 Part B 619 FY23 ARP	Indiana Department of Education	84.173	H173X210104	-	-	-	16,743
Total - Special Education Preschool Grants				-	1,327	-	91,715
Total - Special Education Cluster (IDEA)				-	1,065,261	-	1,167,826
Title I Grants to Local Educational Agencies 4121 Title I 2021 4122 Title I 2022	Indiana Department of Education	84.010	S010A210014 S010A220014	- -	3,619 94,930	- -	153,497 125,535
Total - Title I Grants to Local Educational Agencies				-	98,549	-	279,032
English Language Acquisition State Grants 6881 Title III 6882 Title III	Indiana Department of Education	84.365	S365A210014 S365A220014	- -	4,865 14,891	- -	534 12,485
Total - English Language Acquisition State Grants				-	19,756	-	13,019
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) 6848 Title II Part A 6848 Title II Part A	Indiana Department of Education	84.367	S367A210013 S367A220013	- -	97,659 -	- -	- 52,249
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	97,659	-	52,249
Student Support and Academic Enrichment Program 5801 Title IV	Indiana Department of Education	84.424	S424A220015	-	3,346	-	25,888
Total - Student Support and Academic Enrichment Program				-	3,346	-	25,888

MT. VERNON 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 - Education Stabilization Fund	Indiana Department of Education						
3959 ESSER I		84.425D	S425D200013	-	15,479	-	-
7931 ESSER II		84.425D	S425D200013	-	36,751	-	-
7943 ESSER I		84.425D	S425D200013	-	12,083	-	-
7923 ESSER III		84.425U	S425U210013	-	851,979	-	51,809
Total - COVID-19 - Education Stabilization Fund				-	916,292	-	51,809
Total - Department of Education				-	2,200,863	-	1,589,823
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
6460 Medicaid FY22-23			FY 2022-2023	-	117,045	-	-
6460 Medicaid FY23-24			FY 2023-2024	-	-	-	178,929
Total - Medical Assistance Program				-	117,045	-	178,929
Total - Medicaid Cluster				-	117,045	-	178,929
Total - Department of Health and Human Services				-	117,045	-	178,929
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Family and Social Services Administration	97.036					
Disaster Grant			FY 2022-2023	-	685,524	-	-
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	685,524	-	-
Total - Department of Homeland Security				-	685,524	-	-
Total federal awards expended				\$ -	\$ 4,653,072	\$ -	\$ 3,236,758

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

MT. VERNON 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 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.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	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
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2024-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to financial close and reporting and payroll disbursements.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Close and Reporting

The Payroll Withholdings fund is a combination of multiple Payroll Clearing funds on the School Corporation's ledger. Payroll clearing activity was originally omitted from the Annual Financial Report (AFR) and the financial statement presented for audit resulting in the following:

- Beginning cash and investment balance for fiscal year 2022-2023 was understated by \$144,904.
- Receipts for 2022-2023 were understated by \$18,891,378.
- Disbursements for 2022-2023 were understated by \$18,747,193.
- Ending cash and investment balance for 2022-2023 was understated by \$289,089.
- Receipts for 2023-2024 were understated by \$20,162,375.
- Disbursements for 2023-2024 were understated by \$20,250,378.
- Ending cash and investment balance for 2023-2024 was understated by \$201,086.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement and the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation.

Payroll Disbursements

The School Corporation did not establish an effective system of internal controls over employees' annual pay rates according to the salary schedule. For 2022-2023 and 2023-2024, an approved salary ordinance, resolution, or schedule, detailing salaries and hourly wages which included all noncertified employees was not presented for audit. While a salary ordinance was approved for 2021-2022, which included all noncertified employees, only percentage increases were approved by the School Board for some noncertified employees during the subsequent years. The salaries were calculated by the payroll clerk based on percentage increases and were entered into the payroll system. However, the amounts entered into the system were not reviewed for accuracy by any other individual.

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. . . .

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

Officials involved in submitting and reviewing the AFR indicated they were not aware payroll withholding funds should be included in the AFR financial information entered.

Additionally, officials indicated they thought it was acceptable to document percentage salary increases for noncertified payrolls each year rather than include all noncertified personnel in the annual salary ordinance. Also, as salaries and pay rates were updated in the software, there was no process to review that entered rates were entered accurately.

Effect

Without the proper implementation of an effectively designed system of internal controls, the School Corporation could not ensure the AFR was reported accurately, and payroll disbursements were accurate. Noncompliance in reporting financial information in the AFR occurred and remained undetected. In addition, noncompliance occurred in payroll due to one employee's overtime rates that were entered into the software incorrectly and the errors remained undetected. The employee was not paid the correct amounts for overtime pay.

Views of Responsible Officials

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

FINDING 2024-002

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

Condition and Context

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the SEFA. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or allow correction of errors prior to submission.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of effective internal controls, the SEFA presented for audit contained the following errors:

- The Special Education Cluster (IDEA) was understated by \$332,513 in fiscal year 2022-2023.
- The Disaster Grants - Public Assistance (Presidentially Declared Disasters) was omitted from the SEFA in 2022-2023, causing an understatement of \$685,524.
- The Child Nutrition Cluster expenditures were overstated by \$84,883 in 2022-2023 and understated by \$141,699 in 2023-2024.
- The Emergency Connectivity Fund Program was omitted from the SEFA in 2022-2023, causing an understatement of \$102,398.
- Commodities in the Child Nutrition Cluster were overstated by \$25,344 in 2022-2023.
- There were other immaterial misstatements identified totaling \$156,490 in 2022-2023 and \$85,767 in 2023-2024.
- Other errors include incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report for errors other than the commodities overstated in the Child Nutrition Cluster.

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 200.508 states in part:

"The auditee must: . . .

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

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

One employee compiled and entered the grant information for the SEFA into the Annual Financial Report, and another employee reviewed the information prior to submission. However, the review was not implemented properly in order to detect and correct material errors.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Material misstatements of the SEFA remained undetected after review. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, COVID-19 - Special Education Grants to States,
Special Education Preschool Grants, COVID-19 - Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): H027A200084, H027A210084,
H027A220084, H027A230084,
H027X210084, H173A200104,
H173A210104, H173A220104,
H173A230104, H173X210104

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

Condition and Context

Earmarking

A portion of the School Corporation's Special Education allocation was required to be set aside for the mandatory Coordinated Early Intervening Services (CEIS) reservation as well as the nonproportionate share reservation. The required amount to be set aside was indicated in the Special Education grant application. The School Corporation is responsible for monitoring each required set aside throughout the life of the grant to ensure the obligation is met.

The School Corporation did not separate the earmarking for the mandatory CEIS reservation from the nonpublic proportionate share. The same expenditures in the amount of \$2,647 were earmarked in both earmarking categories.

In addition, the School Corporation did not have actual expenditure amounts to account for the fiscal year 2021 preschool grant nonproportionate share amount. The expenditures used were a percentage of total expenditures.

The School Corporation did have internal controls in place; however, they were not effective in preventing these errors.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Level of Effort - Individual Transactions (Vendor)

The Form 9 (financial) data was submitted by the School Corporation to the Indiana Department of Education (IDOE) semiannually. The data reported included the School Corporation's expenditures recorded during that period. The IDOE calculated Maintenance of Effort based on the expenditure information submitted on the Form 9 for that fiscal year. To verify amounts used by the IDOE in their computation were derived from the ledger of the School Corporation, costs were reviewed to ensure they were recorded properly as to account and object code and reported correctly on the Form 9.

In fiscal year 2021, Form 9 testing, 5 out of 25 expenditure codes were not properly supported by the School Corporation's records. In 2022, Form 9 testing, 6 out of 25 expenditures were not properly supported by the School Corporation's records.

The School Corporation did have internal controls in place; however, they were not effective in preventing these errors.

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 200.403 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."

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation did not have policies and procedures in place to properly maintain documentation of expenses allocated to earmarking requirements and to verify that expenditures were reported accurately on the Form 9.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the proper allocation of the earmarking requirement could not be determined, and the reported Form 9 expenditures were not properly supported by financial records.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management establish a proper system of internal controls and develop policies and procedures to ensure Form 9 reporting is accurate and earmarking requirements are met.

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: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

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 following compliance requirement: Allowable Costs/Cost Principles.

Federal funds may only be used to pay staff for work that has occurred supporting the objective of the federal program. As such, proper time and effort documentation is to be maintained by the School Corporation. The purpose of time and effort recording is to provide documentation of the time spent working on specific federal programs to ensure charges are accurate for each program.

Reimbursements were prepared by one employee and reviewed by another employee prior to submission; however, this internal control was not effective in preventing noncompliance with allowable costs/cost principles.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Out of 14 employees tested, 1 employee was paid 50 percent of their salary from the COVID-19 - Education Stabilization Funds (ESF) grant and 50 percent of their salary from another funding source. The School Corporation was not able to provide documentation that supported the hours paid from the ESF grant.

The ineffective internal controls were systemic throughout the audit period. The noncompliance was isolated to payrolls for September and October of 2022.

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 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . .
 - (iv) Encompass federally-assisted and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy; . . .
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

While across the board stipends are not permitted, LEAs may pay staff for COVID-related work that has been documented. Most, if not all, staff likely had extra responsibilities as well as time and effort to respond to the pandemic. ESSER funds can be used to pay staff for that work and LEAs are responsible for documenting that this work occurred. (Indiana Department of Education, ESSER III Frequently Asked Questions (FAQs) updated August 16, 2021)

Cause

A proper system of internal controls over the payroll disbursements for employees who worked with both federal and nonfederal programs was not properly designed or implemented by management. The School Corporation did not maintain a record of the actual time spent working on extra responsibilities for COVID-related work to ensure allowability.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the proper allocation could not be determined for reimbursements for one employee's payroll for September and October of 2022.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

FINDING 2024-005

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition and Context

Internal controls were in place over reporting where two individuals were involved in submitting and reviewing the reports prior to submission. However, the internal controls were not effective in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Reporting.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was required to submit an annual data report to the Indiana Department of Education. Data to be submitted includes, but is not limited to, current period expenditure, prior period expenditure, and expenditures per activity.

During the audit period, the School Corporation submitted 2021-2022 expenditures for ESSER II - Year 3 and ESSER III - Year 3 instead of reporting 2022-2023 expenditures for ESSER II - Year 3 and ESSER III - Year 3.

The lack of effective internal controls was systemic throughout the audit period. The noncompliance was isolated to the ESSER II - Year 3 and ESSER III - Year 3 reporting.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.302(b) states in part:

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

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

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

Cause

The School Corporation had policies and procedures in place over proper reporting on its annual data report; however, officials indicated their understanding of the guidance provided as to which year's expenditures were to be reported was different than what was required.

MT. VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Expenditures reported on the annual data report for ESSER II and ESSER III year 3 were not accurate.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management establish a proper system of internal controls and develop policies and procedures to ensure expenditures on the annual data reporting for ESSER II and ESSER III are accurate.

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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002 and 2022-001

Fiscal year in which the finding initially occurred: FY 2016
Current Audit Period: 2022-24

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

- 1. The beginning cash and investments balances, receipts, disbursements and other financing sources and uses reported in the School Corporation's financial statement did not agree to the School Corporation financial records for several funds.*
- 2. Payroll withholdings funds were omitted from the financial statement.*

Status of Audit Finding: Not-Corrected

Response Comments:

The school's other finance reporting (IDOE Form 9 data) will always be the starting point for any financial reporting because it is required four times within an audit period. The Form 9 data and the SBoA AFR Fund Report data are a 100% match for the period 7/1/2023 to 6/30/2024. At this point, the process of pulling data from Skyward, having the data initially uploaded to Gateway, having the CFO review the initial upload, and the Corporation Treasurer giving final review of AFR data is working for the school.

Payroll withholdings from all DLGF funds and state/federal grants (ex. Education Fund 0101, Child Nutrition, Fund 0800) can be accounted for in the payroll check registry summary. All corporation employment expenses (i.e. benefits) and all employee paycheck withholdings are summarized within those payroll check registries. The school's ledger for payroll clearing shows beginning and ending of month balances as do all other funds with SBoA fund numbers.

The school will work with its payroll and finance reporting system provider (Skyward) to find a way to pull and report payroll withholding activity as a fund, not just a clearing account. This is the first time ever since the school began using Skyward in 2015 that this has been a finding therefore the school was not aware it needed to be listed on the ledger as it had passed through several audit periods with no findings.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-004 and 2022-002

Fiscal year in which the finding initially occurred: FY 2018
Current Audit Period: 2022-24

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

Summary of Finding:

The School Corporation did not obtain price or rate quotes for five of the six vendors tested that were less than the simplified acquisition threshold of \$150,000 but exceeded the \$10,000 micro-purchase threshold. The micro-purchase threshold may be increased, but the School Corporation did not provide documentation that the threshold had been increased. Documentation detailing the history of procurement, which must include the rationale for the procurement method used, was not available for audit

Status of Audit Finding: *Corrected*

Response Comments:

The school's food service department has documentation to support that equipment repair vendors were interviewed and a provider was selected. The school held several meetings with Cynthia Harris, Child Nutrition Procurement Specialist with the IDOE, to discuss equipment repair procurement/resource management. The school set out to better understand the service procurement process. At that time micro purchasing processes were also reviewed.. Beginning with the 2023-24 school year at REQUEST FOR QUOTE for Maintenance on Food Service Equipment was posted and sent to potential vendors within the school's geographic region. After reviewing the respondents' information the most responsible and appropriate vendor was selected. The selected company provides kitchen equipment repairs and preventative maintenance for the rates provided on the RFQ. This process with the RFQ is now completed on a yearly basis. The RFQ has been completed for the 2023-2024 and 2024-2025 school years.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2020-22

Current Audit Period: 2022-24

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

Summary of Finding:

The School Corporation had not designed, nor implemented a system of internal control to ensure that the annual Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) annual Data Collection reports (Reports) were complete and accurately submitted. The Reports were prepared by one employee without an oversight or review process in place to prevent, or detect and correct, errors

Status of Audit Finding: Not-Corrected

Response Comments:

The originally school agreed that there was no proof that the submissions of COVID-19 expense reports were completed by more than one person (the CFO) or reviewed/submitted by another employee. The school was unclear then, and still is, on how to adequately confirm this directly on any future submission forms if the Indiana Department of Education chooses to utilize JotForms since JotForms only allow for one user to receive notice and submit.

The school implemented its own system of email threads (saved in electronic files) showing communication between the Chief Financial Officer and Corporation Treasurer (The CFO is about to submit, the CFO has submitted, here is a screen shot of the submission form, etc.)

In subsequent IDOE Office of Federal Grant reporting via their numerous Excel spreadsheets/reports, the Corporation Treasurer and CFO collaborated to gather the data and enter it into the spreadsheets (as evidenced by saved email threads and electronic calendar dates.) The submissions are sent via email and the CFO is included in the email chain. The school believes there is sufficient existing evidence to document collaboration and internal controls between the CFO and Corporation Treasurer.

The school is responding to this prior finding update in the affirmative because the 2022-24 audit report indicates that this will be a repeat finding. The school does not agree with that new finding. Therefore, “Not-Corrected” is the only appropriate response in this case.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2020-22
Current Audit Period: 2022-24

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

Summary of Finding:

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed. The School Corporation did not have adequate policies or procedures to ensure that construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. One construction contract during the audit period was subject to the wage rate requirements; however, the contract did not have the required prevailing wage rate clause included in the contract, nor were certified payrolls submitted by the contractor.

Status of Audit Finding: *Corrected*

Response Comments:

The school agreed that the contract in question did not contain any explicit references to federal wage rates. The school had approved the contract as an amendment to an existing energy savings contract not related to any COVID funding. During a subsequent audit by the Indiana Department of Education, the school confirmed that payroll records were submitted by the contractor as part of their applications for payment. Further, the school confirmed that paid wages were indeed compliant with federal wage rate requirements. The school passed the IDOE audit having no findings. It should also be noted that while the Davis-Bacon Act has been a long-standing federal requirement that the school should have taken into account, the school had not previously utilized any federal funding for capital projects and did not consider the necessity of including Davis-Bacon language in a contract amendment. Guidance from state and federal agencies to

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Indiana schools was distributed well after Mt. Vernon Community School Corporation had completed the project in question. There was no time to correct the oversight prior to it becoming a finding.

In the unlikely event that Mt. Vernon Community School Corporation becomes eligible for federal funding that could potentially be used for capital projects, the school will do the following:

1. Request that all selected vendors/contractors include specific federal wage rate language in their contracts and that the board of trustees specifically approves those contracts during its public meetings or;
2. The school will not utilize federal dollars for any capital project expenditures due to the increased exposure to audit findings caused delayed federal and state guidance.

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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: The payroll withholding fund was missing on the financial statement resulting in material misstatements for 2023 and 2024. The School Corporation did not establish an effective system of internal controls over new employees entered into the accounting software. Additionally, the School Corporation did not have an effective system of internal controls over existing employees annual pay rate according to the salary schedule.

Contact Person Responsible for Corrective Action: Greg Elkins, CFO

Contact Phone Number and Email Address: (317) 485-3100, greg.elkins@mvcsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

1. The school will contact its financial software provider Skyward and develop a way to show payroll withholding activity in a ledger fund, not just a clearing account. The fund data will current and active for FY2026 reporting.
2. The school has retrained all HR employees to check pay rate calculations per the salary schedules. The Board of Trustees will approve a salary schedule for all appropriate non-certified staff. Four staff members, including the Corporation Treasurer, now check all aspects of payroll calculations and accounting prior to disbursements of funds.

Anticipated Completion Date: June 30, 2025 (withholding fund), 3/11/2025 for payroll disbursements, 4/15/2025 for salary schedule approval.



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CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject:

Due to the lack of effective internal controls, the SEFA presented for audit contained the following errors:

- Special Education Cluster(IDEA) was understated by \$332,513 in FY2022-2023
- The Disaster Grant was omitted from the SEFA causing an understatement of \$685,524.
- There were other immaterial errors identified totaled an overstatement of \$421,595.
- Various fund had federal identification numbers that needed to be changed

Contact Person Responsible for Corrective Action: Greg Elkins, CFO

Contact Phone Number and Email Address: (317) 485-3100, greg.elkins@mvcsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

The CFO and Corporation Treasurer will continue to refine and improve the running, 12-month SEFA template that is used as the reference for each AFR submission. The SEFA report was filed in a timely manner and submitted prior to the deadline on Gateway by the CFO. The CFO will submit the report as part of the internal controls in place for approving the SEFA. SEFA data will be pulled from Skyward accounting software. The treasurer will cross check the December and June fund reports with detailed revenue expense reports for each federal grant. The CFO will enter this data into Gateway and submit as part of the AFR. Prior to submission, the CFO and Treasurer will review the data in the Gateway format, and sign and file the review document. The CFO has a SEFA template of current grants supplied by the current auditors. This template will be used as a reference. Any additional federal funds received will be added to the SEFA.

Anticipated Completion Date: June 30, 2025



SCHOOL BOARD: Chad Gray Phil Edwards Shannon Walls Kellie Freeman Meghan Britt
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CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject:

A portion of the School Corporation's Special Education allocation was required to be set aside for mandatory Coordinated Early Intervening Services (CEIS) reservation as well as the non-proportionate share reservation. The required amount to be set aside was indicated in the Special Education grant application. The School Corporation is responsible for monitoring each required set aside throughout the life of the grant to ensure the obligation is met.

The School Corporation did not separate the earmarking for mandatory CEIS reservation from the non-public proportionate share. The same expenditures in the amount of \$2,647 were earmarked in both earmarking categories.

In addition, the school corporation did not have actual expenditure amounts to account for the FY2021 pre-school grant non proportionate share amount. The expenditures used were a percentage of total expenditures.

Contact Person Responsible for Corrective Action: Greg Elkins, CFO

Contact Phone Number and Email Address: (317) 485-3100, greg.elkins@mvcsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

The school will review all current and future Special Education grant application and set aside the required amounts for the mandatory Coordinated Early Intervening Services (CEIS) reservation as well as the non-proportionate share reservation. The Special Education Director and Corporation Treasurer will determine this amount and enter it in the appropriate documentation. They will also separate the earmarking for mandatory CEIS reservation from the non-public proportionate share. The school can do nothing to correct the absence of actual expenditure amounts to account for the FY2021 pre-school grant non proportionate share amount since this grant has long since closed and passed through prior audit periods. For current and future pre-school grants, the Special Education Director and Corporation Treasurer actual expenditure amounts to account for pre-school grant non proportionate share.

Anticipated Completion Date: June 30, 2025



CORRECTIVE ACTION PLAN

FINDING 2024-004

Finding Subject: A sample of 14 payroll population from the School's ESSER disbursement population was selected for testing to verify if the transactions were for allowable costs. An employee was paid 50% of the ESSER grant and no documentation was provided.

Contact Person Responsible for Corrective Action: Greg Elkins, CFO

Contact Phone Number and Email Address: (317) 485-3100, greg.elkins@mvcsc.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

The school is assuming that time & effort documentation was required for the one individual paid 50% with ESSER funds. That is occurring now, and always has with the only current federal fund that partially pays for staffing (Title 1.) It is unknown why this individual did not archive this information as they served as the Title 1 director as well during this time.

No corrective plan is needed. The grant is closed, no funds are available, no further transactions will occur from this grant.

Anticipated Completion Date: 3/11/2025 (the grant is closed)



“Engage, Educate, and Empower Today’s Students”

CORRECTIVE ACTION PLAN

FINDING 2024-005

Finding Subject: The School Corporation was required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity. During the audit period, the School Corporation was required to submit five annual data reports as outlined below.

Fund	Applicable Reporting Period
ESSER I	July 1, 2021 – June 30, 2022
ESSER II	July 1, 2021 – June 30, 2022
ESSER III	July 1, 2021 – June 30, 2022
ESSER II	July 1, 2022 – June 30, 2023
ESSER III	July 1, 2022 – June 30, 2023

All five annual data reports were selected for testing. Two of the five annual data reports did not include the correct expenditure information. Specifically the ESSER II and ESSER III annual data reports with an applicable reporting period of July 1, 2022, to June 30, 2023, did not include expenditure data for this period. Instead, the annual reports incorrectly reported expenditures from the previous period of July 1, 2021 to June 30, 2022.

Contact Person Responsible for Corrective Action: Greg Elkins, CFO
Contact Phone Number and Email Address: (317) 485-3100, greg.elkins@mvcsc.k12.in.us

Views of Responsible Officials:
We agree with the finding.

Description of Corrective Action Plan:

Since the conclusion of the 2020-2022 SBOA audit, the CFO and Corporation Treasurer have archived numerous email threads and other evidence of communication which documents the process for pulling ESSER financial data from the Skyward Finance system and submitting the required reports. This documentation shows the CFO and Treasurer regularly communicating, checking and rechecking the data, and verifying the timely submission of that data.

The school received periodic requests from the Indiana Department of Education, Office of Federal Grants asking it to submit financial data for all ESSER funds. Originally, the data requests were submitted through JotForms which do not have the capability of notifying any individuals other than the recipient. The school was required to create its own documents for proof of submission and did so.

In subsequent requests, IDOE provided Excel spreadsheets to be completed and returned electronically. Those emails and spreadsheets have been curated by the school. The school has documented unclear instructions provided by IDOE, the pass through agency. The school accepts responsibility to report grant activity for the federally required reporting periods regardless.

The school will ask for explicit instructions from IDOE and reconfirm the reporting data required and time period(s) in question. This additional layer of internal controls will be added to the process currently utilized by the CFO and Corporation Treasurer.

The school has not expended any dollars from any ESSER fund since 2023.

Anticipated Completion Date: TBD based on when the next reporting submission is requested by IDOE (all ESSER grants activities have ceased and the funds have been closed out locally.)

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/>.