

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

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

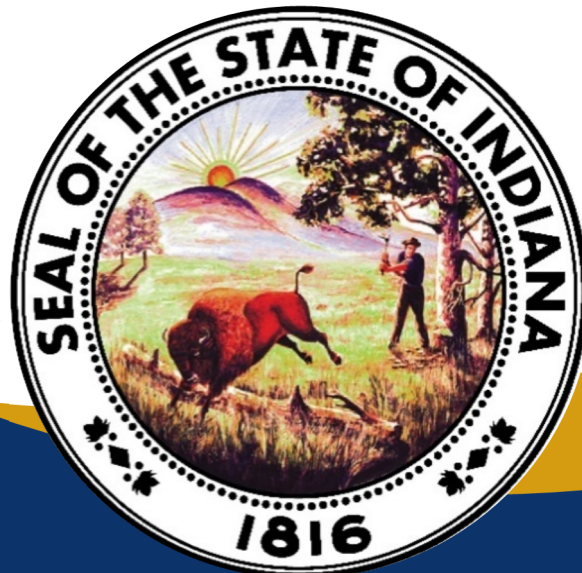
FEDERAL COMPLIANCE AUDIT REPORT

OF

CLAY COMMUNITY SCHOOLS

CLAY COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/11/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Business Affairs	John Szabo	07-01-22 to 06-30-25
Superintendent of Schools	Jeffery Fritz Dr. Timothy Rayle	07-01-22 to 06-30-23 07-01-23 to 06-30-25
President of the School Board	Thomas Reberger	07-01-22 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 CLAY COMMUNITY SCHOOLS, CLAY 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 Clay Community Schools (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 25, 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 or significant deficiencies 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 25, 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 CLAY COMMUNITY SCHOOLS, CLAY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Clay Community Schools' (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 Title I Grants to Local Educational Agencies

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 Title I Grants to Local Educational Agencies for the period of July 1, 2022 to June 30, 2024.

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for 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 COVID-19 - Education Stabilization Fund 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.

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)

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.

Matter Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.010 Title I Grants to Local Educational Agencies, as described in item 2024-003 for Special Tests and Provisions - Supplement Not Supplant. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in item 2024-005 for Special Tests and Provisions - Wage Rate Requirements. 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.

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)

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005, to be material weaknesses.

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)

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.

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 25, 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 25, 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.

CLAY COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	SB-1125	\$ -	\$ 641,429	\$ -	\$ 597,006
School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555	SL-1125	-	1,754,690	-	1,680,330
National School Lunch Program			SL-1125	-	119,756	-	178,926
National School Lunch Program - Commodities							
Total - National School Lunch Program				-	1,874,446	-	1,859,256
Total - Child Nutrition Cluster				-	2,515,875	-	2,456,262
Total - Department of Agriculture				-	2,515,875	-	2,456,262
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Part B-611 FY2022			22611-005-PN01	-	176,555	-	-
SPED Part B 611 - FY2023			23611-005-PN01	-	927,414	-	211,289
SPED Part B 611 - FY2024			24611-005-PN01	-	-	-	889,667
Subtotal - Special Education Grants to States				-	1,103,969	-	1,100,956
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
SPED Part B 611 ARP			22611-005-ARP	-	-	-	204,865
Total - Special Education Grants to States				-	1,103,969	-	1,305,821
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Part B-619 FY2022			22619-005-PN01	-	2,389	-	-
SPED Part B 619 - FY2023			23619-005-PN01	-	31,087	-	12,246
SPED Part B 619 - FY2024			24619-005-PN01	-	-	-	31,527
Subtotal - Special Education Preschool Grants				-	33,476	-	43,773
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173					
SPED Part B 619 ARP			22619-005-ARP	-	-	-	15,452
Total - Special Education Preschool Grants				-	33,476	-	59,225
Total - Special Education Cluster (IDEA)				-	1,137,445	-	1,365,046
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education			AE22-838	-	34,855	-	-
Adult Education 2023-24			AE23-838	-	-	-	34,906
Total - Adult Education - Basic Grants to States				-	34,855	-	34,906

CLAY COMMUNITY SCHOOLS
 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
ESEA Title I FY2022			S010A210014	-	331,035	-	-
Title I FY2023			S010A220014	-	576,801	-	527,182
Title I FY2024			S010A230014	-	-	-	677,089
Total - Title I Grants to Local Educational Agencies				-	907,836	-	1,204,271
Career and Technical Education -- Basic Grants to States	Vigo County School Corporation	84.048					
Perkins Act 2022-23			PE2223	-	29,956	-	-
Perkins Act FY2024			PE2324	-	-	-	28,158
Total - Career and Technical Education -- Basic Grants to States				-	29,956	-	28,158
Rural Education	Indiana Department of Education	84.358					
Rural Low-Income School Grant			S358B210014	-	71,369	-	34,866
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A; Supporting Effective Instruction FFY2020			S367A200013	-	76,434	-	-
Title II Part A; Supporting Effective Instruction FFY2021			S367A210013	-	37,647	-	85,719
Title II-A FFY2022			S367A220013	-	-	-	68,650
Total - Supporting Effective Instruction State Grants				-	114,081	-	154,369
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV FFY2020-2022			S424A200015	-	12,663	-	-
Title IV FFY2021-2023			S424A210015	-	39,313	-	26,360
Title IV FFY2022			S424A220015	-	-	-	52,810
Total - Student Support and Academic Enrichment Program				-	51,976	-	79,170
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
Elementary and Secondary Schools Emergency Relief - II		84.425D	S425D210013	-	1,123,476	-	673,901
Employability Skills Innovation & Implementation (ESII)		84.425D	S425D210013	-	50,000	-	50,000
Elementary & Secondary Schools Emergency Relief (ESSER) III		84.425U	S425U210013	-	2,971,477	-	2,727,491
Total - COVID-19 - Education Stabilization Fund				-	4,144,953	-	3,451,392
Total - Department of Education				-	6,492,471	-	6,352,178
Total federal awards expended				\$ -	\$ 9,008,346	\$ -	\$ 8,808,440

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

CLAY COMMUNITY SCHOOLS
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.

CLAY COMMUNITY SCHOOLS
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
84.010	Child Nutrition Cluster	Unmodified
84.425	Title I Grants to Local Educational Agencies	Qualified
	COVID-19 - Education Stabilization Fund	Qualified

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

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

No matters are reportable.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

Subject: Title I Grants to Local Educational Agencies - Eligibility
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014, S010A220014,
S010A230014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

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

Condition and Context

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

The School Corporation did not have a documented oversight, review, or approval process in place to ensure the accuracy of enrollment and poverty data in the Eligible School Summary portion of the Title I application, which is how the Title I funding is determined.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

School Corporation officials were unaware they should verify the accuracy of the poverty and enrollment data imported into the Eligible School Summary portion of the Title I applications, as the data had been prepopulated by the Indiana Department of Education.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The lack of an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement. Verifying the accuracy of the student poverty and enrollment data in the application will ensure that targeted assistance funding received is allocated to the proper schools within 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 data in the Eligible School Summary section of the Title I application has been verified for accuracy to the corresponding period's Pupil Enrollment (PE) report data.

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: Title I Grants to Local Educational Agencies - Earmarking
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014, S010A220014,
S010A230014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition and Context

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

Title I grant applications and corresponding grant award agreements require a "reasonable amount of funds" to be set aside for the Homelessness Reservation services; the Homelessness Reservation set-aside amounts for FY2022 and FY2023 grants were \$10,000 and \$5,000, respectively.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was unable to provide documentation showing that it met the Earmarking compliance requirement for its Homelessness Reservation in the aforementioned grant years. Additionally, the School Corporation did not carry over the funds to provide Title I, Part A services to students experiencing homelessness in the subsequent school year and reserve funds from the next year's grant award for this purpose as required. No expenditures related the Homelessness earmarking compliance requirement were identified.

Additionally, no documented internal control activities were identified over Parent Involvement Earmarking compliance requirements to ensure adequate expenditures were set-aside (i.e., the School Corporation is not doing regular calculations or keeping any running totals of parental expenditures per grant award).

The lack of internal controls was a systemic issue throughout the audit period. Noncompliance was isolated to the Homelessness Reservation requirement for the aforementioned fiscal grant years.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

20 USC 6313(c)3 states:

"(A) In general

A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and
- (iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs.

(B) Method of determination

The share of funds determined under subparagraph (A) shall be determined—

- (i) based on the total allocation received by the local educational agency; and
- (ii) prior to any allowable expenditures or transfers by the local educational agency.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(C) Homeless children and youths

Funds reserved under subparagraph (A)(i) may be—

- (i) determined based on a needs assessment of homeless children and youths in the local educational agency, taking into consideration the number and needs of homeless children and youths in the local educational agency, and which needs assessment may be the same needs assessment as conducted under section 11433(b)(1) of title 42; and
- (ii) used to provide homeless children and youths with services not ordinarily provided to other students under this part, including providing—
 - (I) funding for the liaison designated pursuant to section 11432(g)(1)(J)(ii) of title 42; and
 - (II) transportation pursuant to section 11432(g)(1)(J)(iii) of such title.

34 CFR 200.77 states in part:

"Before allocating funds in accordance with § 200.78, an LEA must reserve funds as are reasonable and necessary to—

- (a) Provide services comparable to those provided to children in participating school attendance areas and schools to serve—
 - (1)
 - (i) Homeless children and youths, including providing educationally related support services to children in shelters and other locations where homeless children may live.
 - (ii) Funds reserved under paragraph (a)(1)(i) of this section may be—
 - (A) Determined based on a needs assessment of homeless children and youths in the LEA, taking into consideration the number and needs of those children, which may be the same needs assessment as conducted under section 723(b)(1) of the McKinney-Vento Homeless Assistance Act; and
 - (B) Used to provide homeless children and youths with services not ordinarily provided to other students under this subpart, including providing—
 - (1) Funding for the liaison designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act; and
 - (2) Transportation pursuant to section 722(g)(1)(J)(iii) of that Act;
 - (2) Children in local institutions for neglected children; and
 - (3) If appropriate—

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Children in local institutions for delinquent children; and
 - (ii) Neglected and delinquent children in community-day school programs;
- (4) An LEA must determine the amount of funds reserved under paragraphs (a)(1)(i) and (a)(2) and (3) of this section based on the total allocation received by the LEA under subpart 2 of part A of title I of the ESEA prior to any allowable expenditures or transfers by the LEA; . . ."

Cause

The School Corporation did not have the homeless student liaison position in place throughout the audit period to ensure the Homelessness Reservation requirements were being met throughout the grant period. Additionally, the Director of Business Affairs and the Title I Grant Coordinator were unaware of the requirement to roll over unused funds to the subsequent grant award.

Effect

The lack of an effective internal control system enabled noncompliance with the grant agreement and the Earmarking compliance requirement to occur and remain undetected. The lack of internal controls could enable the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 Homelessness Reservation and Parental set-aside expenditures are monitored throughout the period of performance to ensure Earmarking compliance requirements are met before expiration of the grant.

Views of Responsible Officials

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

FINDING 2024-003

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Supplement Not Supplant

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014, S010A220014, S010A230014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Supplement Not Supplant

Audit Findings: Material Weakness, Modified Opinion

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

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

Condition and Context

A Local Educational Agency (i.e., School Corporation) may use Part A, Title I funds only to supplement the funds that would, in the absence of the Part A funds, be made available from state and local sources for the education of students participating in a Part A program. Compliance is demonstrated through written procedures which are used to allocate state and local funds to each Title I school while ensuring that the school(s) receives all the state and local funds it would otherwise receive if not receiving Part A funds.

The School Corporation had a Title I Services policy [#2261] in place that stated the following: "Title I funds will be used only to augment, not to replace, State and local funds. The Corporation will document its compliance with the supplement not supplant provisions by using a written methodology that ensures State and local funds are allocated to each school on the same basis, regardless of whether a school receives Title I funding." The written methodology referred to in the School Corporation's policy is to be a part of each Title I application.

During the audit period, there were three Title I applications. One of the three applicable grant year applications included information in the supplement, not supplant section. The other two applications were blank for this section. For the one application, the 2022 grant year application, with information in the supplement, not supplant section, the methodology documented indicated that the Director of Business Affairs was to use Form 9 data on a per pupil expenditure basis as to ensure schools received all the state and local funds they would otherwise receive if not receiving Part A funds. Documentation of the calculations and the per pupil expenditure comparisons were not provided for audit.

Additionally, the Indiana Department of Education (IDOE) monitors compliance with this requirement using Comparability Reports, which compare Full-Time Equivalent (FTE) staff positions for Title I schools to FTE staff positions for non-Title I schools within the School Corporation. Although the IDOE determined that FTE staff positions were comparable in the 2022, 2023, and 2024 Comparability reports, the School Corporation was unable to provide supporting documentation for the FTE staff numbers reported to the IDOE.

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). . . ."

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 6321(b) states in part:

"Federal funds to supplement, not supplant, non-Federal funds

(1) In general

A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under this part, and not to supplant such funds.

(2) Compliance

To demonstrate compliance with paragraph (1), a local educational agency shall demonstrate that the methodology used to allocate State and local funds to each school receiving assistance under this part ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under this part . . ."

Cause

Management had not developed a consistent, testable methodology related to this requirement as required by the School Corporation's policy. Additionally, the School Corporation officials did not retain staff listings for audit to support the FTE staff figures reported to the IDOE on the School Corporation's Comparability Reports related to the grant. The School Corporation's new Title I Director had not verified that a documented methodology was in place, and compliance with the requirement was being monitored.

Effect

A school within the School Corporation may not have received all the state and local funds it should have received. Continued noncompliance could result in the loss of future federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation adopt and document an acceptable methodology to allocate state and local funds to schools. In addition, we recommended the calculation of such methodology and any other supporting documentation be retained for audit.

Views of Responsible Officials

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

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2024-004

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): S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

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

Condition and Context

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

The School Corporation had not designed or implemented a system of internal controls to ensure that the Elementary and Secondary School Emergency Relief (ESSER) annual data reports (Reports) were complete and accurately submitted. The Reports were prepared by the Director of Business Affairs without a documented oversight, review, or approval process in place to prevent, or detect and correct, errors.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The Jotform system in which ESSER annual reports are submitted to the Indiana Department of Education (IDOE) does not have a required review built into the IT system. The School Corporation officials were unaware they should document a review of the annual reports.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The lack of an effective internal control system could enable noncompliance to occur and remain undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could result in inaccurate reporting to the IDOE and 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 establish internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement. Any and all future ESSER reports submitted in Jotform should document an oversight, review, or approval process by someone other than the Director of Business Affairs.

Views of Responsible Officials

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

FINDING 2024-005

Subject: COVID-19 - Education Stabilization Fund - Special Tests and Provisions - Wage Rate Requirements
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): S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

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 had four applicable construction projects, funded in part or entirely with ESF funding during the audit period; however, related contracts did not contain the required prevailing wage rate clause. Additionally, the School Corporation did not obtain certified payroll documentation from contractors as required throughout the construction projects and audit period.

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue throughout the audit period and noncompliance affected each of the four applicable construction projects.

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). . . ."

29 CFR 5.5 states in part:

"(a) *Required contract clauses.* The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, the following clauses . . .

(1) *Minimum wages.*

(i) *Wages rates and fringe benefits.* All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. . . .

(a)(3)(ii) *Certified payroll requirements—*

(A) The contractor or subcontractor must submit weekly, for each week in which any DBA- or Related Acts-covered work is performed, certified payrolls to the [write in name of appropriate Federal agency] if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the certified payrolls to the applicant, sponsor, owner, or other entity, as the case may be, that maintains such records, for transmission to the [write in name of agency]. . . ."

CLAY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200 Appendix II states in part:

"In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, 'Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction'). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week."

Cause

The School Corporation officials were unaware of the requirements to include Wage Rate Requirements (Davis Bacon) provisions in the respective construction contracts and obtain weekly certified payrolls from the contractor(s) throughout the construction period.

Effect

The lack of an effective internal control system enabled material noncompliance with the grant agreement and the aforementioned compliance requirement to occur and remain undetected. Lack of compliance could result in contractors paying wages below those required by the DOL regulations.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and include the wage rate requirement clause in federally funded construction contracts. In addition, certified payrolls should be obtained as required for all federally funded construction contracts in excess of \$2,000.

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.

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
Dr. Douglas Lunn, Director of Special Services
Mrs. Kathy Knust, Curriculum and Grants Coordinator
Mr. Chris Ross, Director of Human Resources
Mr. John Szabo, Director of Business Affairs
Mr. Aron Hammond, Director of Extended Services

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001 and 2022-001

Fiscal year in which the finding initially occurred: 2020

Current Audit Period: 07-01-22 to 06-30-24

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

Summary of Finding:

The School Corporation's internal controls over reporting of federal grant information in its Annual Financial Report did not prevent, or detect and correct, misstatements, specifically regarding COVID-19 relief grant funding.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07-01-22 to 06-30-24

Finding Subject: Child Nutrition Cluster – Allowable Costs/Cost Principles

Summary of Finding:

Disbursements charged to the School Corporation's food service program were not paid in accordance with the vendors' contracted prices. Additionally, supporting documentation was not provided to determine if all food service invoices agreed to the prices in the original bid(s).

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-004 and 2022-003

Fiscal year in which the finding initially occurred: 2020

Current Audit Period: 07-01-22 to 06-30-24

Finding Subject: Child Nutrition Cluster – Procurement

Summary of Finding:

Price or rate quotations were not obtained from an adequate number of qualified sources for small purchases between \$10,000 and \$150,000. Contracts were not awarded to all vendors with purchases exceeding \$50,000.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented

Dr. Timothy Rayle, Superintendent
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07-01-22 to 06-30-24

Finding Subject: COVID-19 Education Stabilization Fund - Reporting

Summary of Finding:

The School Corporation's internal controls over reporting of ESF (ESSER) grant information in Jotform did not prevent, or detect and correct, errors, specifically regarding reporting of full-time equivalent (FTE) positions in the ESSER I, Year 1 report.

Status of Audit Finding:

Partially corrected

Response Comments:

Reporting errors were corrected for reports submitted in Jotform during the current audit period; however, the School Corporation did not document its review processes and procedures over the preparation and submission of these reports.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-005

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07-01-22 to 06-30-24

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

Summary of Finding:

The School Corporation had not designed and implemented effective internal controls over the Level of Effort – Supplement not Supplant and Earmarking requirements related to the grant, enabling noncompliance to occur and remain undetected.

Status of Audit Finding:

Partially corrected

Response Comments:

Earmarking requirements for parental set-asides were met for the current audit period; however, the School Corporation is still working to implement internal controls over the Earmarking requirement related to Homelessness and the Supplement Not Supplant requirement related to the grant.

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
Dr. Douglas Lunn, Director of Special Services
Mrs. Kathy Krust, Curriculum and Grants Coordinator
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-006

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07-01-22 to 06-30-24

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

Summary of Finding:

The School Corporation had not designed and implemented a documented oversight, review or approval process over the Eligibility and Reporting requirements related to the grant.

Status of Audit Finding:

Partially Corrected

Response Comments:

The School Corporation is still working to implement internal controls over the Enrollment and Poverty data in the Eligible School Summary section of the Title I application.

For Reporting, the Assistant Superintendent now performs a review of the Annual Expenditure Reports prepared by the Director of Business Affairs.

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
Dr. Douglas Lunn, Director of Special Services
Mrs. Kathy Knust, Curriculum and Grants Coordinator
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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Title I Grants to Local Educational Agencies - Eligibility

Summary of Finding:

The school corporation did not have a documented oversight, review, or approval process in place to ensure the accuracy of enrollment and poverty data in the Eligible School Summary portion of the Title I application, which is how Title I funding is determined.

It is recommended that the school corporation's management strengthen its system of internal controls to ensure that data in the Eligible School Summary section of the Title I application has been verified for accuracy to the corresponding period's Pupil Enrollment (PE) report data.

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs

Contact Phone Number and Email Address: (812) 443-4461 / szaboj@clay.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Real time reporting will be compiled by the Data Management Specialist (currently Stephanie Jackson) and will be reviewed by the Title I Grant Coordinator (currently Dr. Brady Scott). Annual Financial reports will be compiled by the Director of Business Affairs (currently John Szabo), and prior to submission those reports will be reviewed by the Title I Grant Coordinator.

Anticipated Completion Date:

July 2025

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
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CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject: Title I Grants to Local Educational Agencies - Earmarking

Summary of Finding:

The school corporation was unable to provide documentation showing that it met the Earmarking requirements for its Homelessness Reservation. Additionally, the school corporation did not carry over the funds to provide Title I, Part A services to students experiencing homelessness in the subsequent school year and reserve funds from the next year's grant award for this purpose as required. No expenditures related to the homelessness earmarking requirement were identified.

It is recommended that the School Corporation's management strengthen its system of internal controls to ensure Homelessness Reservation and Parental set-aside expenditures are monitored throughout the period of performance to ensure Earmarking requirements are met before expiration of the grant.

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs

Contact Phone Number and Email Address: (812) 443-4461 / szaboj@clay.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Director of Business Affairs and the Title I Grant Coordinator (currently John Szabo and Dr. Brady Scott, respectively) will review initial Title I budget to verify amount of Homelessness reservation and Parental set-aside. They will create a plan of expenditure for both reservations, and will work with corporation homeless student liaison (currently Rachel Kiefer) to execute the plan. Director of Business Affairs will periodically monitor reimbursements to ensure that spending plan is being completed and that funds are expended appropriately, and will report this to Title I Grant Coordinator upon review.

Anticipated Completion Date:

July 2025

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
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CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject: Title I Grants to Local Educational Agencies – Special Tests & Provisions – Supplement Not Supplant

Summary of Finding:

During the Audit period, there were three Title I applications. One of the three applicable grant year applications included information in the supplement, not supplant section. The other two applications were blank for this section. Documentation of the calculations and per pupil expenditure comparisons were not provided for the audit. Additionally, the Indiana Department of Education (IDOE) monitors compliance with this requirement using Comparability Reports, which compare Full-Time Equivalent (FTE) staff positions for Title I schools to FTE staff positions for non-Title I schools within the school corporation. Although IDOE determined that FTE staff positions were comparable in the 2022, 2023, and 2024 Comparability reports, the school corporation was unable to provide supporting documentation for the FTE staff numbers reported to IDOE.

It is recommended that the school corporation adopt and document an acceptable methodology to allocate State and local funds to schools. In addition, it is recommended the calculation of such methodology and any other supporting documentation be retained for audit.

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number and Email Address: (812) 443-4461 / szaboj@clay.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

Title I Grant Coordinator, currently Dr. Brady Scott, will monitor this requirement using Comparability reports, as an option considered by the Indiana Department of Education (IDOE). In doing so, the Grant Coordinator will complete a list of FTE staff positions for each Title I school, as well as non-Title I school according to the methodology designed for school corporations as communicated by the IDOE. The Grant Coordinator will confer with the corporation Payroll Specialist (currently Mary Mershon) to ensure accuracy of the data used to complete the reporting, and both the Grant Coordinator and the Director of Business Affairs will maintain a record of the data used to complete the report.

Anticipated Completion Date:

July 2025

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
Dr. Douglas Lunn, Director of Special Services
Mrs. Kathy Knust, Curriculum and Grants Coordinator
Mr. Chris Ross, Director of Human Resources
Mr. John Szabo, Director of Business Affairs
Mr. Aron Hammond, Director of Extended Services

1013 S. Forest Avenue
Brazil, IN 47834
Phone: 812-443-4461
Fax: 812-443-4461

CORRECTIVE ACTION PLAN

FINDING 2024-004

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

Summary of Finding:

The school corporation had not designed or implemented a system of internal controls to ensure that the Elementary and Secondary School Emergency Relief (ESSER) annual data reports (Reports) were complete and accurately submitted. The reports were prepared by the Director of Business Affairs without a documented oversight, review or approval process in place to prevent, or detect and correct, errors.

It is recommended that the school corporation's management establish internal controls to ensure compliance with the grant agreement and Reporting compliance requirement. Any and all future ESSER reports submitted in Jotform should document an oversight, review or approval process by someone other than the Director of Business Affairs.

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs

Contact Phone Number and Email Address: (812) 443-4461 / szaboj@clay.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

When completing data reporting, as requested by the state, for federally funded emergency relief grant funding, the Director of Business Affairs will compile the data necessary to complete the reporting. The data will then be presented to the appropriate member of corporation management for review – data related to student enrollment, eligibility, or other information will be presented to the corporation Data Coordinator. Data related to employee positions, or other employment related data, will be presented to the Director of Human Resources. All other data, including but not limited to corporation financial data, will be presented to the Assistant Superintendent.

Anticipated Completion Date:

Immediately, upon next required data submission for Education Stabilization Fund reporting.

Dr. Timothy Rayle, Superintendent
Mr. Brady Scott, Assistant Superintendent for Curriculum & Instruction
Dr. Douglas Lunn, Director of Special Services
Mrs. Kathy Knust, Curriculum and Grants Coordinator
Mr. Chris Ross, Director of Human Resources
Mr. John Szabo, Director of Business Affairs
Mr. Aron Hammond, Director of Extended Services

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CORRECTIVE ACTION PLAN

FINDING 2024-005

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

Summary of Finding:

An effective internal control system was not in place at the school corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirement. The school corporation had four applicable construction projects using ESF funds during the audit period; however, related contracts did not contain the required prevailing wage rate clause. Additionally, the school corporation did not obtain certified payroll documentation from contractors as required through the construction projects and audit periods.

It is recommended that the school corporation's management establish a system of internal controls and include the wage rate requirement clause in federally funded construction contracts. In addition, certified payrolls should be obtained as required for all federally funded construction contracts in excess of \$2,000.

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number and Email Address: (812) 443-4461 / szaboj@clay.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

For any future federally funded construction contracts in excess of \$2,000, the Director of Business Affairs will ensure that all prevailing wage language is included in contracts. Also, both the Director of Business Affairs and the Director of Extended Services will work with all related parties (construction manager, contractors, and sub-contractors if necessary) to monitor and certify payrolls related to the applicable construction projects.

Anticipated Completion Date:

Immediately, upon the next time entering into a federally-funded construction contract in excess of \$2,000.

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/>.