

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

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

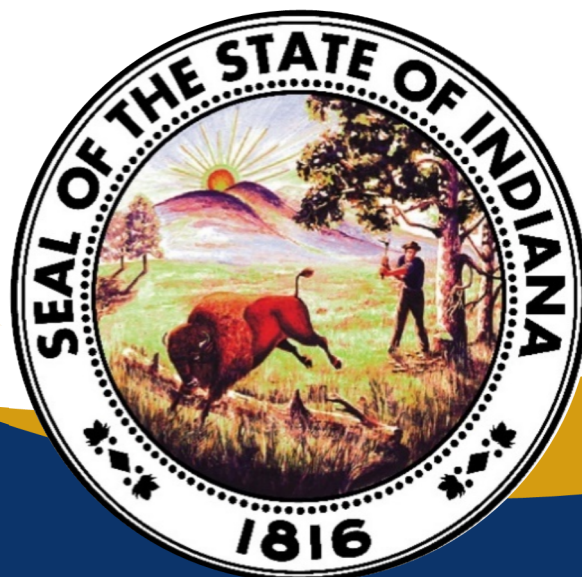
FEDERAL COMPLIANCE AUDIT REPORT

OF

SHERIDAN COMMUNITY SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

02/03/2025

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Robin Popejoy | 07-01-22 to 06-30-25 |
| Superintendent of Schools | Dr. David Mundy | 07-01-22 to 06-30-25 |
| President of the School Board | Todd Roberts John Hunt Dan Fleming Tyler Henning | 07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 12-31-25 |



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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 SHERIDAN COMMUNITY SCHOOLS, HAMILTON 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 Sheridan 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 January 14, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Sheridan Community Schools' 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

January 14, 2025



Paul D. Joyce, CPA
State Examiner

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 SHERIDAN COMMUNITY SCHOOLS, HAMILTON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the Sheridan 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 its major federal program for the period of July 1, 2022 to June 30, 2024. The School Corporation's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Child Nutrition Cluster

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

Basis for Qualified Opinion

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

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 10.553, 10.555 Child Nutrition Cluster, as described in item 2024-003 for Allowable Cost/Cost Principles. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

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

Government Auditing Standards 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 2024-003, 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 THE 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 January 14, 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

January 14, 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.

SHERIDAN 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 | | | | | |
| School Breakfast Program | | | FY 2024 | \$ - | \$ - | \$ - | \$ 110,523 |
| School Breakfast Program | | | FY 2023 | - | 121,013 | - | - |
| Total - School Breakfast Program | | | | - | 121,013 | - | 110,523 |
| National School Lunch Program | Indiana Department of Education | 10.555 | | | | | |
| National School Lunch Division | | | FY 2023 | - | 445,492 | - | - |
| National School Lunch Division | | | FY 2024 | - | - | - | 340,299 |
| Commodities | | | FY 2023 / FY 2024 | - | 42,751 | - | 52,166 |
| Total - National School Lunch Program | | | | - | 488,243 | - | 392,465 |
| Total - Child Nutrition Cluster | | | | - | 609,256 | - | 502,988 |
| Total - Department of Agriculture | | | | - | 609,256 | - | 502,988 |
| Department of Justice | | | | | | | |
| Juvenile Justice and Delinquency Prevention | Indiana Department of Education | 16.540 | | | | | |
| Juvenile Justice and Delinquency Prevention | | | TII-2021-00047 | - | 35,685 | - | - |
| Total - Department of Justice | | | | - | 35,685 | - | - |
| Department of Education | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to States | Indiana Department of Education | 84.027 | | | | | |
| Special Ed Grants to State | | | 21611-023-PN01 | - | 587 | - | - |
| Special Ed Grants to State | | | 22611-023-PN01 | - | 36,948 | - | 15,680 |
| Special Ed Grants to State | | | 23611-023-PN01 | - | 203,751 | - | 46,130 |
| Special Ed Grants to State | | | 24611-023-PN01 | - | - | - | 230,952 |
| Subtotal - Special Education Grants to States | | | | - | 241,286 | - | 292,762 |
| COVID-19 - Special Education Grants to States | Indiana Department of Education | 84.027 | | | | | |
| Special Ed Grants to State | | | 22611-023-ARP | - | 34,326 | - | 55,401 |
| Total - Special Education Grants to States | | | | - | 275,612 | - | 348,163 |
| Special Education Preschool Grants | Indiana Department of Education | 84.173 | | | | | |
| Special Ed Preschool Grants | | | 21619-023-PN01 | - | 85 | - | - |
| Special Ed Preschool Grants | | | 22619-023-PN01 | - | 5,780 | - | 93 |
| Special Ed Preschool Grants | | | 23619-023-PN01 | - | 9,621 | - | 5,489 |
| Subtotal - Special Education Preschool Grants | | | | - | 15,486 | - | 5,582 |
| COVID-19 - Special Education Preschool Grants | Indiana Department of Education | 84.173 | | | | | |
| Special Ed Preschool Grants | | | 22619-023-ARP | - | 4,134 | - | 1 |
| Total - Special Education Preschool Grants | | | | - | 19,620 | - | 5,583 |
| Total - Special Education Cluster (IDEA) | | | | - | 295,232 | - | 353,746 |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | | | |
| Title I Grants to Local Educational Agencies | | | 18611-001-PN01 | - | 152,292 | - | 88,424 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 152,292 | - | 88,424 |

SHERIDAN 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 |
|---|---|----------------------------|---|---|--|---|--|
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | Indiana Department of Education | 84.367 | | | | | |
| Part A Supporting Effective Instruction | | | S367A200013 | - | 24,735 | - | - |
| Part A Supporting Effective Instruction | | | S367A220013 | - | 29,422 | - | 23,273 |
| Part A Supporting Effective Instruction | | | S367S210013 | - | 30,012 | - | - |
| Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | | - | 84,169 | - | 23,273 |
| Education Innovation and Research (formerly Investing in Innovation (i3) Fund) | Indiana Department of Education | 84.411 | | | | | |
| Education Innovation and Research (EIR) Program Mild Phase Grants | | | FY 2022 | - | 29,460 | - | 7,832 |
| Education Innovation and Research (EIR) Program Mild Phase Grants | | | FY 2023 | - | 46,931 | - | 2,032 |
| Total - Education Innovation and Research (formerly Investing in Innovation (i3) Fund) | | | | - | 76,391 | - | 9,864 |
| Student Support and Academic Enrichment Program | Indiana Department of Education | 84.424 | | | | | |
| Student Support and Academic Enrichment Program | | | S424A200015 | - | 10,000 | - | 10,300 |
| Total - Student Support and Academic Enrichment Program | | | | - | 10,000 | - | 10,300 |
| COVID-19 - Education Stabilization Fund | Indiana Department of Education | | | | | | |
| COVID-19 - Education Stabilization Fund | | 84.425U | S425U210013 | - | 14,028 | - | - |
| Total - Department of Education | | | | - | 632,112 | - | 485,607 |
| Department of Health and Human Services | | | | | | | |
| Medicaid Cluster | | | | | | | |
| Medical Assistance Program | Indiana Department of Education | 93.778 | | | | | |
| Medical Assistance Program | | | FY 2024 | - | - | - | 34,548 |
| Total - Medicaid Cluster | | | | - | - | - | 34,548 |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | Indiana Department of Education | 93.779 | | | | | |
| Medicaid Assistance Program | | | FY 2023 | - | 32,734 | - | - |
| Total - Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | | | | - | 32,734 | - | - |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | Indiana Department of Education | 93.243 | | | | | |
| Substance Abuse and Mental Health Services | | | FY 2023 | - | 51,496 | - | 68,275 |
| Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance | | | | - | 51,496 | - | 68,275 |
| Total - Department of Health and Human Services | | | | - | 84,230 | - | 102,823 |
| Federal Emergency Management Agency | | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Indiana Department of Homeland Security | 97.036 | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | FY 2024 | - | - | - | 72,697 |
| Total - Federal Emergency Management Agency | | | | - | - | - | 72,697 |
| Total federal awards expended | | | | \$ - | \$ 1,361,283 | \$ - | \$ 1,164,115 |

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

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

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

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

Note 3. Hamilton-Boone-Madison Special Services Cooperative

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

SHERIDAN 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? | yes |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statement noted? | yes |

Federal Awards:

| | |
|--|---------------|
| Internal control over major program: | |
| 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 Program and type of auditor's report issued on compliance for it:

| <u>Name of Federal Program or Cluster</u> | <u>Opinion Issued</u> |
|---|-----------------------|
| Child Nutrition Cluster | Qualified |

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 Finding: Material Weakness

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 payroll disbursements. Payroll was prepared by the Business Director's office and presented in the aggregate to the School Board for review and approval. Internal controls were not in place to ensure that individual employee payroll checks were accurate and paid in accordance with hours worked and established salary amounts.

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

Criteria

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

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

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

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

Cause

The School Corporation did not have effective internal controls in place that would prevent, or detect and correct, errors within the payroll disbursement process.

Effect

Without a proper system of internal controls that operated effectively, employees could be paid incorrect amounts which could result in material misstatements of payroll disbursements reported in the financial statements. These errors could occur and go undetected.

Views of Responsible Officials

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

FINDING 2024-002

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

Repeat Finding

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

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered into Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

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

Although one employee prepared and entered the federal award information into the AFR, and another employee reviewed and approved the information prior to submission, the review process was not effective and did not detect and correct errors prior to submission.

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

- The Child Nutrition Cluster Commodities were omitted for fiscal years 2022-2023 and 2023-2024, which understated expenditures by \$42,751 and \$52,166, respectively.
- The Disaster Grants - Public Assistance (Presidentially Declared Disasters) grant was omitted, which understated expenditures for 2023-2024 by \$72,697.
- Several additional grants had individually immaterial errors that resulted in a combined misstatement of \$131,672, in total.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

SHERIDAN COMMUNITY SCHOOLS
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(Continued)

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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 Basis for determining Federal awards expended, paragraph 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 Indirect (F&A) costs."

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

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

Management of the School Corporation had not established a proper system of internal controls that would have ensured proper reporting of the SEFA. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

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 Allowable Costs/Cost Principles compliance requirement.

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

During the audit period, there was not an approved salary ordinance for noncertified staff for fiscal year 2023-2024. Of the nine paychecks selected for testing, three did not have hourly rates approved by the governing body. It was further determined that all noncertified staff employees did not have the hourly rates approved by the governing body for 2023-2024. Therefore, we were not able to determine if the amounts paid to these employees were appropriate.

The lack of internal controls and noncompliance was limited to payroll disbursements of noncertified employees during 2024.

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:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(g)(1) states in part:

"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 that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the recipient or subrecipient;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities (for IHEs, this is the IBS);
- (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;

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(Continued)

- (v) Comply with the established accounting policies and procedures of the recipient or subrecipient (See paragraph (i)(1)(ii) of this section for treatment of incidental work for IHEs.); and . . .
- (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 allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (meaning, estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity performed;
 - (B) Significant changes in the related work activity (as defined by the recipient's or subrecipient's written policies) are promptly identified and entered into the records. Short-term (such as one or two months) fluctuations between workload categories do not need to be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The recipient's or subrecipient's system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- (ix) Because practices vary as to the activity constituting a full workload (for example, the Institutional Base Salary (IBS) for IHEs), records may reflect categories of activities expressed as a percentage distribution of total activities.
- (x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. Therefore, a precise assessment of factors contributing to costs is not required when IHEs record salaries and wages charged to Federal awards . . ."

Cause

Management had not established an effective system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

The total of known questioned costs was \$219,188.

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

Recommendation

We recommended that the School Corporation's management establish an effective system of internal controls to ensure compliance and comply with the grant agreement and Allowable Costs/Cost Principles compliance requirement. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

FINDING 2024-004

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

Condition and Context

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

Upon inquiry of the School Corporation, it was determined that the School Corporation ensures all service contracts include a provision regarding suspension and debarment. The contracts are reviewed and signed by a knowledgeable member of the School Corporation.

Two vendors with covered transactions for goods or services that equaled or exceeded \$25,000 paid from Child Nutrition Cluster funds during the audit period were identified at the School Corporation level and tested. For one of the two vendors, the School Corporation did not verify that the contract included the provision regarding suspension and debarment or otherwise verify the vendor's suspension and debarment status prior to payment.

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

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

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

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2024-005

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

Condition and Context

Any child enrolled in a participating school, who meets the applicable program's definition of "child," may receive meals under applicable programs. A child belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at a reduced price. Children that have been determined ineligible for free or reduced-price meals pay the full price for their meals. A child's eligibility for free and reduced-priced meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnished such information as family income and family size. The School Corporation determines eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Annual eligibility determinations may also be based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program, or, under most circumstances, the TANF program. A household may furnish documentation of its participation in one of those programs, or the School Corporation may obtain the information directly from the State or local agency that administers those programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application.

One employee uploaded the Direct Certification reports from the state into the software system without a documented oversight or review process in place to ensure direct certified students were properly processed.

The lack of internal controls was isolated to the direct certified households.

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). . . ."

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

Cause

A proper system of internal controls, which would include segregation of key functions, was not implemented by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

Views of Responsible Officials

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



AUDITEE-PREPARED DOCUMENTS

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



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Dr. Dave Mundy, Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: FY2021/ FY2022

Current Audit Period: FY2023/FY2024

Finding Subject: Financial Transactions

Summary of Finding: There were deficiencies in the internal control system of the School Corporation related to disbursements. The School Corporation had not properly designed nor implemented internal controls to ensure that disbursements were properly recorded. One employee recorded the disbursements without a documented review or approval process in place to prevent, or detect and correct, errors.

Status of Audit Finding: Partially Corrected

Response Comments: The issue with vendor disbursements has been addressed, and a control has been implemented. We plan to do the same for payroll. Once payroll has been entered, we will have someone review the input and check the final reports before signing off.

FINDING 2022-002

Fiscal year in which the finding initially occurred: FY2016

Current Audit Period: FY2023/FY2024

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

Summary of Finding: The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. 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 and allow correction of errors prior to submission.

Status of Audit Finding: Not Corrected

Response Comments: The oversight conducted was insufficient in correcting the errors identified in the report. There were instances of numbers being transposed, some amounts were missed in the reporting, and one federal fund (FEMA) was not reported. Plans are being developed to separate and approve reporting accurately.

FINDING 2022-003

Fiscal year in which the finding initially occurred: FY2021/FY2022

Pass-Through Entity: Indiana Department of Education

Current Audit Period: FY2023/FY2024

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

Summary of Finding: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Status of Audit Finding: Not Corrected

Response Comments: Once payroll has been entered, someone will review the inputs and verify the final reports before signing off.

FINDING 2022-004

Fiscal year in which the finding initially occurred: FY2021/FY2022

Pass-Through Entity: Indiana Department of Education

Current Audit Period: FY2023/FY2024

Finding Subject: Child Nutrition Cluster – Activities Allowed and Unallowed Reporting and Special Tests and Provisions. – Non-Profit School Food Service Accounts

Summary of Finding: An effective internal control system was not designed nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, the Reporting, and the Special Tests and Provisions - Non-Profit School Food Service Accounts compliance requirements.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented

Response Comments:

FINDING 2022-005

Fiscal year in which the finding initially occurred: FY 2021/FY2022

Pass-Through Entity: Indiana Department of Education

Current Audit Period: FY2023/FY2024

Finding Subject: COVID-19 – Education Stabilization Fund – Allowable Costs/ Cost Principles

Summary of Audit 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 Allowable Costs/Cost Principles compliance requirement. The School Corporation did not have adequate internal controls in place to ensure that the reimbursement requests included salaries for all contracted employees and adequate supporting documentation or personnel activity reports, such as time and effort logs or Semi-Annual Certifications. The School Corporation paid salaries for all contracted employees without adequate supporting documentation or personnel activity reports, such as time and effort logs or Semi-Annual Certifications

Status of Audit Finding: No Further Action Warranted

Response Comments: Once payroll has been entered, someone will review the inputs and verify the final reports before signing off.

The Education Stabilization Funds have been fully expended during the period and are no longer applicable.

FINDING 2022-006

Fiscal year in which the finding initially occurred: FY2021/FY2022

Pass-Through Entity: Indiana Department of Education

Current Audit Period: FY2023/FY2024

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

Summary of Finding: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

Status of Finding: No Further Action Warranted

Response Comments: During the audit period, no equipment was purchased; however, equipment was purchased during the grant's life cycle and compliance requirements were not followed. Our plan is to have an external company come in to evaluate our assets and maintain a log of equipment purchases. They will be hired to oversee this process.

The Education Stabilization Funds have been fully expended during the period and are no longer applicable.

FINDING 2022-007

Fiscal year in which the finding initially occurred: FY2021/FY2022

Pass-Through Entity: Indiana Department of Education

Current Audit Period: FY2023/FY2024

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

Summary of Audit Finding: An effective internal control system, was not designed nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented

Response Comments:



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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: It was discussed of the lack of controls regarding payroll claims. To address this issue, it is necessary to implement documented controls that demonstrate approval of salaries/hourly rates by the board for non-certified employees. Additionally, there should be a review process after time has been entered into the payroll software to ensure accuracy in data entry and posting.

Contact Person Responsible for Corrective Action: Robin Popejoy

Contact Phone Number and Email Address: 317.758.4172 – rpopejoy@sheridan.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: We have implemented a series of checks in the payroll input process. The Business Director enters all absences, which are then reviewed by the Payroll Director. Once hours are inputted by the Payroll Director, they are verified by the Deputy Treasurer. The salary schedules will be submitted to the board for approval.

Anticipated Completion Date: December 19, 2024



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CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject: Preparation of SEFA

Summary of Finding: There were omissions in the Child Nutrition Cluster Commodities for fiscal years 2022-2023 and 2023-2024, resulting in an understatement of expenditures by \$42,751 and \$52,166 respectively. Additionally, the Disaster Grants - Public Assistance (Presidentially Declared Disasters) grant was omitted, leading to an understatement of expenditures by \$72,697. Furthermore, there were several other grants with minor errors that collectively resulted in a total misstatement of \$87,290.

Contact Person Responsible for Corrective Action: Robin Popejoy

Contact Phone Number and Email Address: 317.758.4172 – rpopejoy@sheridan.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: We will begin the process of the Director of Business entering the SEFA information, with the Deputy Treasurer checking and verifying that the amounts are entered correctly.

Anticipated Completion Date: July – August 2025



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Dr. Dave Mundy, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject: Child Nutrition Cluster (School Lunch) – Allowable Cost

Summary of Finding: The payroll for non-certified employees for the 2023-2024 school year has not been approved by the board, leading to a lack of verification for salaries paid from fund 800. As a result, any payroll for non-certified employees paid after August 1, 2023 from fund 800 cannot be verified.

Contact Person Responsible for Corrective Action: Robin Popejoy

Contact Phone Number and Email Address: 317.758.4172 – rpopejoy@sheridan.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: The salary schedules will be submitted to the board for approval.

Anticipated Completion Date: May – August 2025



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Dr. Dave Mundy, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2024-004

Finding Subject: Child Nutrition Cluster (School Lunch) – Suspension and Debarment

Summary of Finding: One of the vendors tested did not have documentation showing that the school corporation had verified they were not suspended or debarred before entering into a covered transaction.

Contact Person Responsible for Corrective Action: Robin Popejoy

Contact Phone Number and Email Address: 317.758.4172 – rpopejoy@sheridan.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: Café Direction will check SAM.gov to ensure the vendor is not suspended or debarred before proceeding with any transactions.

Anticipated Completion Date: January 2025



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CORRECTIVE ACTION PLAN

FINDING 2024-005

Finding Subject: Child Nutrition Cluster (School Lunch) – Eligibility

Summary of Finding: Café Director uploaded the Direct Certification reports from the state into the software system without following a documented oversight or review process to ensure that direct certified students were accurately processed. This highlights a lack of documented controls for directly certified students.

Contact Person Responsible for Corrective Action: Robin Popejoy

Contact Phone Number and Email Address: 317.758.4172 – rpopejoy@sheridan.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: The Data Department will collaborate with the Café Department to input and ensure the accuracy of the information.

Anticipated Completion Date: Already started in August of 2024.

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/>.