

**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

MADISON CONSOLIDATED SCHOOLS

JEFFERSON COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED
03/03/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-22 to 06-30-25
Superintendent of Schools	Daniel Noel (interim) Teresa Brown	07-01-22 to 07-13-22 07-14-22 to 06-30-25
President of the School Board	Jodi Yancey David Storie John Wallace	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 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 MADISON CONSOLIDATED SCHOOLS, JEFFERSON 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 Madison Consolidated 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 18, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Madison Consolidated 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

February 18, 2025



Paul D. Joyce, CPA
State Examiner

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

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Madison Consolidated 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 possible effects of the matter 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 program for the period of July 1, 2022 to June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

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

Basis for Qualified and Unmodified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with 84.010 Title I Grants to Local Educational Agencies, as described in item 2024-005 for Eligibility. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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. 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.

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 item 2024-006, to be significant deficiencies.

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 18, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 18, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.



MADISON CONSOLIDATED 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2022-2023	\$ -	\$ 295,282	\$ -	\$ -
School Breakfast Program			FY 2023-2024	-	-	-	248,290
Total - School Breakfast Program				-	295,282	-	248,290
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
Supply Chain Assistance			FY 2022-2023	-	1,015,295	-	-
Commodities			FY 2022-2023	-	130,287	-	-
School Lunch Program			FY 2022-2023	-	98,164	-	-
Supply Chain Assistance			FY 2023-2024	-	-	-	828,374
Commodities			FY 2023-2024	-	-	-	74,937
Commodities			FY 2023-2024	-	-	-	115,647
Total - National School Lunch Program				-	1,243,746	-	1,018,958
Total - Child Nutrition Cluster				-	1,539,028	-	1,267,248
Pandemic EBT Administrative Costs							
EBT Admin costs	Indiana Department of Education	10.649					
			FY22-23	-	3,135	-	-
Total - Department of Agriculture				-	1,542,163	-	1,267,248
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Education Paraprofessionals Training Grant	Indiana Department of Education	84.027					
Part B 611			HO27A220084	-	-	-	23,976
Part B 611			21611-127-PN01	-	400,438	-	-
Part B 611			22611-127-PN01	-	420,116	-	545,751
Part B 611			23611-127-PN01	-	-	-	721,324
Subtotal - Special Education Grants to States				-	820,554	-	1,291,051
COVID-19 - Special Education Grants to States							
611 ARP IDEA Award	Indiana Department of Education	84.027					
			22611-127-ARP	-	-	-	184,724
Total - Special Education Grants to States				-	820,554	-	1,475,775
Special Education Preschool Grants							
Part B 619	Indiana Department of Education	84.173					
Part B 619			22619-127-PN01	-	-	-	36,629
Part B 619			23619-127-PN01	-	-	-	70,829
Subtotal - Special Education Preschool Grants				-	-	-	107,458

MADISON CONSOLIDATED 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
COVID-19 - Special Education Preschool Grants 619 ARP IDEA Award	Indiana Department of Education	84.173	23619-127-ARP	-	-	-	13,789
Total - Special Education Preschool Grants				-	-	-	121,247
Total - Special Education Cluster (IDEA)				-	820,554	-	1,597,022
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 21			S010A210014	-	373,980	-	-
Title I 22			S010A220014	-	263,303	-	510,403
Title I 23			S010A230014	-	-	-	396,704
Total - Title I Grants to Local Educational Agencies				-	637,283	-	907,107
Impact Aid	Direct Grant	84.041					
Impact Aid			FY23	-	76,543	-	-
Impact Aid			FY24	-	-	-	91,722
Total - Impact Aid Facilities Maintenance				-	76,543	-	91,722
Career and Technical Education - Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048					
Perkins Basic Grant 20-21			21-0512-6120	-	13,757	-	-
Perkins Basic Grant 21-22			22-0512-B42A	-	21,892	-	-
Perkins CNLA Planning Grant 21-22			22-0512-C42A	-	1,191	-	-
Perkins Assessment Grant 22-23			23-0512-A42A	-	-	-	2,220
Perkins Basic Grant 22-23			23-0512-P42A	-	6,129	-	20,362
Perkins Basic Grant 23-24			23-0719-S42A	-	-	-	18,106
Total - Career and Technical Education - Basic Grants to States				-	42,969	-	40,688
Education for Homeless Children and Youth Mckinney-Vento Homeless	Indiana Department of Education	84.196					
			S196A210015	-	27,095	-	10,309
Total - Education for Homeless Children and Youth				-	27,095	-	10,309
Rural Education Rural Low Income Grant	Indiana Department of Education	84.358					
			S424A210015	-	32,745	-	18,755
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A 19			S367A190 013	-	1,658	-	-
Title II Part A 20			S367A200013	-	19,230	-	2,197
Title II Part A 21			S367A210013	-	48,735	-	71,563
Title II Part A 22			S367A220013	-	-	-	44,798
Title II Part A 23			S367A230013	-	-	-	20,295
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	69,623	-	138,853

MADISON CONSOLIDATED 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
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 19			S424A190015	-	2,513	-	-
Title IV 20			S424A200015	-	16,292	-	6,872
Title IV 21			S424A210015	-	24,980	-	16,935
Title IV 22			S424A220015	-	-	-	45,815
Title IV 23			S424A230015	-	-	-	13,899
Total - Student Support and Academic Enrichment Program				-	43,785	-	83,521
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
GEER		84.425C	FY23	-	2,009	-	-
CARES Grant		84.425D	S425D200013	-	127,043	-	-
ESSER III		84.425U	S425U210013	-	2,495,433	-	1,041,159
ESSER II		84.425D	S425D210013	-	155,669	-	168,093
American Rescue Plan - Homeless Children and Youth Relief Funds (ARP-HCY)		84.425W	S425W210015	-	-	-	11,182
Total - COVID-19 - Education Stabilization Fund				-	2,780,154	-	1,220,434
Total - Department of Education				-	4,530,751	-	4,108,411
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming - INMAC			FY23	-	29,990	-	-
Medicaid Administrative Claiming - INMAC			FY24	-	-	-	31,911
Total - Medical Assistance Program				-	29,990	-	31,911
Total - Medicaid Cluster				-	29,990	-	31,911
Total - Department of Health and Human Services				-	29,990	-	31,911
Total federal awards expended				\$ -	\$ 6,102,904	\$ -	\$ 5,407,570

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

MADISON CONSOLIDATED 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.

MADISON CONSOLIDATED 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 programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
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 Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Unmodified Qualified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2024-001

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

Repeat Finding

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is required to file the Annual Financial Reports (AFR) annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation filed its reports as prescribed; however, the internal controls over the AFR, which was the source of the School Corporation's financial statement, were not effective.

The Treasurer compiled the information for the AFR, and the Deputy Treasurer reviewed and approved the information. The internal control was not effective and did not prevent, or detect and correct, errors prior to submission, which resulted in the following errors:

The financial transactions of the Payroll fund were reported incorrectly in the AFR. Receipts and disbursements were each understated by \$11,575,667 for fiscal year 2022-2023 and each understated by \$12,691,674 for 2023-2024.

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

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. . . ."

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 had not established an effective system of internal controls to ensure that all accounts of the Payroll fund were included when the information was reported on the AFR.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement included 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.

FINDING 2024-002

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

Repeat Finding

A similar finding related to internal controls was included in the immediately prior audit report. The prior audit finding number was 2022-002.

Condition and Context

The School Corporation is required to file the Annual Financial Reports (AFR) annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation filed its reports as prescribed; however, the internal controls over the AFR, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The Treasurer compiled the information for the AFR, and the Deputy Treasurer reviewed and approved the information. The internal control was not effective and did not prevent, or detect and correct, errors prior to submission, which resulted in the following errors:

- The Child Nutrition Cluster expenditures were overstated by \$274,216 and \$74,937 for fiscal years 2022-2023 and 2023-2024, respectively.
- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$171,400.

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:

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA. The reviewer did not detect the errors noted in the *Condition and Context*.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included 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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

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

Repeat Finding

This is a repeat finding pertaining to internal controls 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 Procurement and Suspension and Debarment compliance requirement.

Procurement

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. The School Corporation did not have effective internal controls in place to ensure that an adequate number of price or rate quotations were obtained for all small purchases.

Suspension and Debarment

Prior to entering into subawards and covered transactions with the Child Nutrition Cluster (CNC) 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 Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transactions with that person. The School Corporation did not have effective internal controls in place to ensure that the verification was completed for all contractors prior to entering into covered transactions.

The lack of internal controls was isolated to fiscal year 2023-2024.

MADISON CONSOLIDATED 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 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

Management had not established a system of internal controls to ensure documentation was obtained and retained to demonstrate they had properly procured all small purchases.

Management had not established a system of internal controls to ensure that the School Corporation's procedures for verifying a contractor's suspension and debarment status was followed for all contractors.

Effect

Without the proper design or implementation of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. This could result in the School Corporation overpaying for goods or services or paying a contractor who has been suspended or debarred, which would be unallowable.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation strengthen its system of internal controls to ensure that an adequate number of price or rate quotations are obtained for all small purchases and that suspension and debarment is verified for all covered transactions of \$25,000 or more.

Views of Responsible Officials

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2024-004

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
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 - Assessment System Security
Audit Findings: Material Weakness, Other Matters

Condition and Context

State educational agencies (SEA), in consultation with local educational agencies (LEA), are required to establish and maintain an assessment security system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security measures and ensure that LEAs implement those policies and procedures. As such, the Indiana Department of Education created and published the *Indiana Assessment Policy Manual*.

As a part of the assessment security, any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity statement that remains on file in the appropriate building-level office each year. Each individual required to sign the testing integrity agreement shall sign the form by an established date.

The School Corporation had a process to provide assessment system security training and to ensure each employee that attended training signed the agreement indicating training was received. However, there was no process in place to ensure that all documentation of school employees being trained was retained for audit.

Due to the lack of internal controls over maintaining the supporting documentation, some of the Indiana Testing and Security agreements were not provided for review. A sample of 40 employees was selected for testing from the School Corporation's roster. Of the 40 employees tested, 8 did not have a signed agreement on file indicating training was received as required.

The lack of internal controls and noncompliance was isolated to the 2022-2023 school year for 3 of the buildings.

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). . . ."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

511 IAC 5-5-5(b) states: "Any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity agreement to remain on file in the appropriate building-level office each year."

Cause

A proper system of internal controls was not designed by management of the School Corporation to ensure that all Indiana Testing and Security agreements were on file and could be presented for audit. Agreements for 8 employees selected for testing could not be located.

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, not all required employees have the required Indiana Testing Security and Integrity agreement maintained for Assessment System Security.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure that all required employees complete assessment security training and that the signed appropriate forms are 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.

FINDING 2024-005

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 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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Eligibility for Title I is determined on the Eligible School Summary of the Title I application. Enrollment and Poverty numbers are automatically pulled from the Indiana Department of Education's (IDOE) Official Pupil Enrollment (PE) count for each school into the Eligible School Summary page of the Title I application. These counts that are prepopulated should be based on the School Corporation's records as of October of the prior fiscal year. One person compiled and uploaded enrollment data, including poverty status for Real Time (RT) reports, to the IDOE without a documented oversight or review process to ensure that the information was accurate and retained for audit. In addition, there was no review by the School Corporation of the enrollment and poverty counts that were prepopulated into the School Corporation's Title I grant application.

The IDOE used the October 1 RT reports for fiscal years 2021-2022 and 2022-2023, as provided by the School Corporation, to determine Eligibility for the 2022-2023 and 2023-2024 grant programs, respectively. The October 1 RT report could not be presented for audit for 2021-2022, which would have been used to pull in enrollment and poverty information for the 2022-2023 grant. As such, we were unable to verify the amounts reported in the grant application. Additionally, the Indiana State Board of Accounts was unable to verify if the correct socioeconomic status was properly reported for any of the students.

Enrollment and poverty numbers for any nonpublic schools are manually entered into the application by the School Corporation. The School Corporation had not established an effective process to review the listing of students from the nonpublic schools for enrollment and poverty counts to be entered into the Title I application and to retain this information for audit. We were unable to determine if the enrolled student count and their poverty status in the application was accurate.

The lack of internal controls and lack of information submitted for audit 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). . . ."

2 CFR 200.334 states in part:

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions, to ensure all records pertinent to the federal award were retained for audit. After a change in software providers, information from the previous provider could not be obtained for audit.

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, RT reports and nonpublic school enrollment documentation were not maintained for audit, and, as such, the Indiana State Board of Accounts could not determine if the School Corporation complied with the Eligibility compliance requirement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure RT reports, and nonpublic school enrollment documentation are maintained for audit.

Views of Responsible Officials

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

FINDING 2024-006

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

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): HO27A220084, 21611-127-PN01,
22611-127-ARP, 22611-127-PN01,
23611-127-PN01, 23619-127-ARP,
22619-127-PN01, 23619-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Significant Deficiency

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 suspension and debarment compliance requirements.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Prior to entering into subawards and covered transactions with the Special Education Cluster (SPED) 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 Excluded Parties List System, collecting a certification from that person, or adding a clause or condition to the covered transactions with that person. There was no internal control in place, such as an oversight, review, or approval process, to ensure that contractors or subrecipients were not suspended, debarred, or otherwise excluded.

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 School Corporation did not have internal controls in place to ensure the suspension and debarment status for covered transactions it intended to pay with federal funds of the major program were properly verified.

Effect

Without the proper design or implementation of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. This could result in the School Corporation paying a contractor who has been suspended or debarred, which would be unallowable.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation strengthen its system of internal controls to ensure that suspension and debarment is verified for all covered transactions of \$25,000 or more.

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.

John Wallace, President
David Storie, Vice President
Dustin Bentz, Secretary
Jodi Yancey, Member
Michael Scott, Member



Dr. Teresa A. Brown, Superintendent
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2024

Finding Subject: Preparation of the Financial Statement

Summary of Finding:

Management had not established an effective system of internal control that would have ensured proper reporting of the Annual Financial Report submitted through Gateway, which was the source of the School Corporation's Financial Statement (FS.)

Status of Audit Finding:

Partially corrected.

Response Comments:

The original corrective action was implemented. The CFO will prepare the AFR with accurate information and the Assistant to the CFO will review and sign off on the AFR. Documentation will be kept to ensure evidence of preparation, review, and approval of the AFR. This was implemented in July 2023. However, this review was not sufficient to ensure that all funds were reported correctly. A more detailed review will be performed for future annual reports.

FINDING 2020-001 & 2022-002

Fiscal year in which the finding initially occurred: 2018-2020

Current Audit Period: 2022-2024

Finding Subject: Preparation of the SEFA

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).

Status of Audit Finding:

Partially corrected.

Response Comments:

Original corrective action was implemented. The CFO will prepare the SEFA with accurate information and the Assistant to the CFO will review and sign off on the SEFA. Documentation will be kept to ensure evidence of preparation, review, and approval of the SEFA. This was implemented in July 2023. However, this review was not sufficient to ensure that all grants were reported correctly. A more detailed review will be performed for future annual reports.

FINDING 2020-007 & 2022-003

Fiscal year in which the finding initially occurred: 2018-2020

Current Audit Period: 2022-2024

Finding Subject: Title I – Eligibility

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 Eligibility compliance requirement. Sufficient evidence was not presented for audit to verify that the information used to determine eligibility for the Title I program was accurate.

Status of Audit Finding:

Partially Corrected.

Response Comments:

The Data Management Specialist will save all reports submitted to the DOE. This will ensure that supporting documentation is kept that will be used determine Eligibility for Title I. The Title I Compliance Specialist/Grants & Compliance Specialist will verify the information for accuracy and keep documentation of the review. This was implemented in June 2023. However, due to staff turnover, the FY23 Real-Time report was not retained for audit. Additionally, data supporting the nonpublic enrollment figures was not

retained. The Title I Compliance Specialist/Grants & Compliance Specialist will ensure this documentation is retained for future grants.

FINDING 2020-008 & 2022-004

Fiscal year in which the finding initially occurred: 2018-2020

Current Audit Period: 2022-2024

Finding Subject: Title I – Special Tests and Provisions – Annual Report Card/HS Graduation Rate

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate. The School Corporation had not established a system of internal control to ensure the proper exit code for leaving was entered and the proper supporting documentation for the exit was obtained for all applicable students.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

FINDING 2022-005

Fiscal year in which the finding initially occurred: 2020-2021

Current Audit Period: 2022-2024

Finding Subject: Special Education Cluster – Earmarking

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 Matching, Level of Effort, Earmarking compliance requirement. Proportionate share is an amount of funds that must be expended on special education/related services for parentally-placed private school and homeschooled students. The amount to be spent is automatically calculated within each grant application.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented. Starting in FY 2021 Time and Effort logs were kept by employees working with non-public students. Logs are submitted to the Director of Student Services and the payroll department, then accounts are distributed to match time actually spent with the non-public time spent per the time and effort logs. This was implemented in 2021.

FINDING 2020-004 & 2022-006

Fiscal year in which the finding initially occurred: 2018-2020

Current Audit Period: 2022-2024

Finding Subject: Child Nutrition Cluster – Procurement

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure

compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Status of Audit Finding:

Partially corrected.

Response Comments:

The Food Service Coordinator will follow our procurement procedures for all purchases. Food Service Coordinator will document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing also vendors used through the Wilson Center. The Deputy Treasurer will verify procurement and suspension and debarment documentation is on file before payment is made. When we are checking the vendors on the sams.gov website and there are no results founds then we will also request the vendor to submit a suspended and debarred form. This was implemented in 2023, however additional controls to prevent immaterial noncompliance identified during the audit will be implemented.

FINDING 2022-007

Fiscal year in which the finding initially occurred: 2020-2021

Current Audit Period: 2022-2024

Finding Subject: ESSER – 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 Audit Finding:

Fully Corrected and the original corrective action was implemented.

FINDING 2022-008

Fiscal year in which the finding initially occurred: 2020-2021

Current Audit Period: 2022-2024

Finding Subject: ESSER - Reporting

Summary of Finding:

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

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

FINDING 2022-009

Fiscal year in which the finding initially occurred: 2020-2021

Current Audit Period: 2022-2024

Finding Subject: ESSER – Special Tests and Provisions – Wage Rate Requirements

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 Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

John Wallace, President
David Storie, Vice President
Dustin Bentz, Secretary
Jodi Yancey, Member
Michael Scott, Member



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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Financial Transactions and Reporting
Summary of Finding:

Management had not established an effective system of internal control that would have ensured proper reporting of the Annual Financial Report submitted through Gateway, which was the source of the School Corporation's Financial Statement (FS.)

Contact Person Responsible for Corrective Action: Danica Houze
Contact Phone Number and Email Address: 812-274-8103 dhouze@madison.k12.in.us

Views of Responsible Officials: *We concur with the finding.*

Description of Corrective Action Plan:

The CFO will run reports and prepare the AFR with accurate information. The Assistant to the CFO will rerun the reports and ensure the correct numbers were pulled. Then the CFO and Assistant to the CFO will review and sign off on the AFR. Documentation will be kept to ensure evidence of preparation, review, and approval of the AFR. A checklist will be created to ensure all funds are included in the AFR from the fund report.

Anticipated Completion Date: 7/31/2025

FINDING 2024-002

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

John Wallace, President
David Storie, Vice President
Dustin Bentz, Secretary
Jodi Yancey, Member
Michael Scott, Member



Dr. Teresa A. Brown, Superintendent
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madison.k12.in.us

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).

Contact Person Responsible for Corrective Action: Danica Houze
Contact Phone Number and Email Address: 812-274-8103 dhouze@madison.k12.in.us

Views of Responsible Officials: *We concur with the finding.*

Description of Corrective Action Plan:

The CFO will run reports and prepare the SEFA with accurate information. The Assistant to the CFO will rerun reports and ensure all grants will included. The CFO and the Assistant to the CFO will review and sign off on the SEFA. Documentation will be kept to ensure evidence of preparation, review, and approval of the SEFA. A checklist will be created to ensure all grants are included with the correct years and amounts.

Anticipated Completion Date: 7/31/2025

FINDING 2024-003

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

Summary of Finding:

The School Corporation did not have effective controls in place to ensure that the verification was completed for prior to entering into covered transactions or that the correct procurement method was utilized for one vendor in the audit period.

Contact Person Responsible for Corrective Action: Judy Brooks
Contact Phone Number and Email Address: 812-274-8108 jbrooks@madison.k12.in.us

Views of Responsible Officials: *We concur with the finding.*

Description of Corrective Action Plan:

For federal procurements exceeding \$25,000, the Food Service Coordinator will request a signed certification of compliance from the vendor. If she is unable to obtain a certification in this manner,

John Wallace, President
David Storie, Vice President
Dustin Bentz, Secretary
Jodi Yancey, Member
Michael Scott, Member



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alternate procedures such as checking the SAM.gov website will be utilized and the appropriate documentation supporting this review will be retained

Anticipated Completion Date: 6/30/2025

FINDING 2024-004

Finding Subject: Title I - Special Tests and Provisions - Assessment System Security

Summary of Finding:

The School Corporation had a process to provide assessment system security training and to ensure each employee that attended training signed the agreement indicating training was received. However, there was no process in place to ensure that all documentation of school employees being trained was retained for audit. As a result, some of the Indiana Testing and Security agreements were not able to be provided for review.

Contact Person Responsible for Corrective Action: Janet McCreary

Contact Phone Number and Email Address: 812-274-8001 jmccreary@madison.k12.in.us

Views of Responsible Officials: *We concur with the finding.*

Description of Corrective Action Plan:

This was corrected in FY24. Our testing security coordinator now ensures that all training certifications are on file as required and monitors this via a spreadsheet.

Anticipated Completion Date: Already completed.

FINDING 2024-005

Finding Subject: Title I - Eligibility

Summary of Finding:

The October 1 Real Time report could not be presented for audit for 2021-2022, which would have been used to pull in enrollment and poverty information for the 2022-2023 grant. As such, we were unable to verify the amounts reported in the grant application. Additionally, we were unable to verify if the correct socioeconomic status was properly reported for any of the students. Additionally, we were unable to verify nonpublic enrollment and poverty data included on the Title I application.

Contact Person Responsible for Corrective Action: Janet McCreary

Contact Phone Number and Email Address: 812-274-8001 jmccreary@madison.k12.in.us

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Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Due to the timing of the prior audit and the nature of the Real-Time report, this portion of the finding was not able to be completed timely for FY23's grant. Beginning in FY24, The Data Management Specialist will save all reports submitted to the DOE. This will ensure that supporting documentation is kept that will be used determine Eligibility for Title I.

Additionally, for the nonpublic enrollment and poverty data, the grants specialist meets with non-public partners to review enrollment information and verify the student population that encumbers funding.

The data management specialist for MCS verifies all enrollment information and poverty identification in concert with the nutrition manager of MCS, building administrators, and the central office administration to verify all data reported to the state.

Anticipated Completion Date: 6/30/2025

FINDING 2024-006

Finding Subject: Special Education – Procurement
Summary of Finding:

There was no control in place, such as an oversight, review, or approval process, to ensure that contractors or subrecipients were not suspended, debarred, or otherwise excluded from receiving federal funds for the Special Education program.

Contact Person Responsible for Corrective Action: Danica Houze
Contact Phone Number and Email Address: 812-274-8103 dhouze@madison.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The CFO will monitor encumbrance reports on a regular basis. When federal procurements exceeding \$25,000 are encumbered, we will have vendors submit a Suspended and Debarment Certification with their contract agreement when federal dollars are being encumbered. If we are unable to obtain a certification in this manner, alternate procedures such as checking the SAM.gov website will be utilized and the appropriate documentation supporting this review will be retained

Anticipated Completion Date: 6/30/2025

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/>.