

**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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT

DEKALB COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/10/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephen W. Snider Brandon Penrod Mark Rohm	07-01-22 to 03-31-23 04-01-23 to 09-30-23 10-01-23 to 06-30-25
Superintendent of Schools	Steven Teders	07-01-22 to 06-30-25
President of the School Board	Heather M. Krebs Greg Lantz Valorie Armstrong	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 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 DEKALB COUNTY CENTRAL UNITED
SCHOOL DISTRICT, DEKALB 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 DeKalb County Central United School District (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 24, 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.

DeKalb County Central United School District's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 24, 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 DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the DeKalb County Central United School District's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 to June 30, 2024. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) 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)

Matters Giving Rise to Qualified Opinion on Special Education Cluster (IDEA)

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2024-003 for Procurements and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

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

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

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 24, 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 24, 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.



DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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 Reimbursement 0800			FY23	\$ -	\$ 331,588	\$ -	\$ -
School Breakfast Reimbursement 0800			FY24	-	-	-	279,381
Total - School Breakfast Program				-	331,588	-	279,381
National School Lunch Program							
Food Service Entitlements 0800	Indiana Department of Education	10.555					
0800 School Nutrition Commodities			FY23	-	1,340,984	-	-
Supply Chain Fund 0800			FY23	-	147,235	-	-
Food Service Entitlements 0800			FY24	-	174,457	-	-
Supply Chain Fund 0800			FY24	-	-	-	1,038,640
0800 School Nutrition Commodities			FY24	-	-	-	111,248
Total - National School Lunch Program				-	1,662,676	-	1,322,094
Summer Food Service Program for Children							
Summer Food Grant 0800	Indiana Department of Education	10.559					
Summer Food Grant 0800			FY23	-	83,743	-	-
			FY24	-	-	-	93,217
Total - Summer Food Service Program for Children				-	83,743	-	93,217
Total - Child Nutrition Cluster							
				-	2,078,007	-	1,694,692
Child Nutrition Discretionary Grants Limited Availability							
Equipment grant 0800	Indiana Department of Education	10.579	7182021IN810342	-	30,000	-	-
Pandemic EBT Administrative Costs							
PEBT Admin Fee 0800	Indiana Department of Education	10.649					
			FY23	-	3,135	-	-
Total - Department of Agriculture				-	2,111,142	-	1,694,692
<u>Federal Communication Commission</u>							
COVID-19 - Emergency Connectivity Fund Program	Direct Grant	32.009	BEN 130445	-	-	-	243,750
Emergency Connectivity Fund Program				-	-	-	243,750
Total - Federal Communication Commission				-	-	-	243,750

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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 Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2021 SPED Part B 611			21611-042-PN01	-	8,087	-	-
FY2022 SPED Part B 611			22611-042-PN01	-	24,505	-	13,552
FY2023 Part B 611			23611-042-PN01	-	936,471	-	6,862
FY2024 SPED Part B 611			24611-042-PN01	-	-	-	966,728
Subtotal - Special Education Grants to States				-	969,063	-	987,142
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
FY2022 ARP/IDEA Part B 611			22611-042-ARP	-	126,902	-	87,485
Total - Special Education Grants to States				-	1,095,965	-	1,074,627
Special Education Preschool Grants	Indiana Department of Education						
FY2021 SPED Part B 619		84.173	21619-042-PN01	-	266	-	-
FY2022 ARP Part B 619			22619-042-PN01	-	-	-	145
FY2023 SPED Part B 619			23619-042-PN01	-	38,274	-	-
FY2024 SPED Part B 619			24619-042-PN01	-	-	-	38,831
Subtotal - Special Education Preschool Grants				-	38,540	-	38,976
COVID-19 - Special Education Preschool Grants		84.173					
FY2022 ARP Part B 619			22619-042-ARP	-	-	-	5,183
FY2022 SPED Part B 619			22619-042-ARP	-	10,818	-	-
Subtotal - COVID-19 - Special Education Preschool Grants				-	10,818	-	5,183
Total - Special Education Cluster (IDEA)				-	1,145,323	-	1,118,786
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
4220 Title I 2021-22			S010A210014	-	102,229	-	-
4230 Title I 2022-23			S010A220014	-	330,603	-	166,371
4240 Title I 2023-24			S010A230014	-	-	-	277,765
Total - Title I Grants to Local Educational Agencies				-	432,832	-	444,136
English Language Acquisition State Grants		84.365					
6888 Title III 2020-22	West Noble School Corporation		S365A20013	-	3,687	-	-
6889 Title III 2021-23	Metropolitan School District of Steuben County		S365A21001	-	2,656	-	2,680
Total - English Language Acquisition State Grants				-	6,343	-	2,680

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
 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	Indiana Department of Education	84.367					
6847 Title II Grant 2020-21			S367A200013	-	21,380	-	-
6848 Title II Grant 2021-22			S367A210013	-	66,392	-	36,557
6849 Title II Grant 2022-23			S367A220013	-	13,857	-	12,525
Total - Supporting Effective Instruction State Grants				-	101,629	-	49,082
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
5802 Title IV 2020-21			S424A200015	-	14,574	-	-
5803 Title IV 2021-22			S424A210015	-	24,982	-	4,324
Total - Student Support and Academic Enrichment Program				-	39,556	-	4,324
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
7940 GEER		84.425C	S425C200018	-	38,051	-	-
7931 ESSER II		84.425D	S425D210013	-	698,256	-	205,586
7941 CARES		84.425D	S425D200013	-	26,273	-	-
7923 ESSER III		84.425U	S425U200013	-	224,076	-	598,308
7908 3E's Grant		84.425U	S425U210013	-	136,326	-	206,566
7910 ARP HCY II		84.425W	S425W210015	-	12,568	-	12,489
Total - COVID-19 - Education Stabilization Fund				-	1,135,550	-	1,022,949
Total - Department of Education				-	2,861,233	-	2,641,957
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claims			FY2023	-	14,710	-	-
Medicaid Administrative Claims			FY2024	-	-	-	23,776
Total - Medical Assistance Program				-	14,710	-	23,776
Total - Medicaid Cluster				-	14,710	-	23,776
Total - Department of Health and Human Services				-	14,710	-	23,776
Total federal awards expended				\$ -	\$ 4,987,085	\$ -	\$ 4,604,175

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

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
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. Northeast Indiana Special Education Cooperative

The School Corporation is a member of the Northeast Indiana Special Education 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.

Note 4. West Noble Consortium

The School Corporation is a member of the West Noble Consortium (Consortium). As a result, some of the activity for the English Language Acquisition State Grants (Title III) 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 Consortium fiscal agent.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund	Qualified Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2024-001

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

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Annual Financial Report (AFR) and financial statement, were not effective.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although one employee prepared and entered the financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

Due to lack of effective internal controls, the AFRs presented for audit included the following errors:

Financial Data

- The Treasurer's Clearing fund was omitted from the financial statement, which understated financial activity in fiscal years 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$169,141, \$30,573,842, \$30,565,663, and \$177,320, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balances were understated by \$177,320, \$31,404,159, \$31,408,235, and \$173,244, respectively.
- The Self Insurance fund 2022-2023 disbursements were misclassified as Other Financing Uses in the amount of \$4,826,659. Also, the Self Insurance fund 2023-2024 receipts and disbursements were understated by \$2,408,270 and \$2,575,862, respectively, and the ending cash and investments balance was overstated by \$167,592.
- The Prepaid Food fund was omitted from the financial statement, which understated financial activity in 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$57,529, \$869,006, \$880,955, and \$45,580, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$45,580, \$931,151, \$909,375, and \$67,356, respectively.
- Five funds with individually immaterial transactions were omitted from the financial statement, which understated financial activity in 2022-2023 and 2023-2024. In 2022-2023, the beginning cash and investments balances, receipts, disbursements, and ending cash and investments balance were understated by \$11,670, \$124,388, \$80,269, and \$55,789, respectively. In 2023-2024, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$55,789, \$91,807, \$58,250, and \$89,346, respectively.

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.

Leases and Debt

Due to the timing of payments, the annual lease payments due within one year as shown on the Schedule of Leases and Debt for the 2021 DMS & DHS Construction and Renovation bond and the 2023 WTL/DMS/DHS Deferred Maintenance bond were overstated by \$1,000,000 and \$1,611,000, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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](#)."

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 believed that the financial statement should mirror the Form 9. The Form 9 data from the School Corporation's software was uploaded to Gateway and reviewed and approved based on the Form 9 methodology.

Effect

By using the improper methodology, clearing funds were not presented on the financial statement. The omission of those funds created a material variance that would have caused a modification of the audit opinion.

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 prior audit report. The prior audit finding number was 2022-001.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the 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), were not effective.

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 or correct errors prior to submission.

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

- The National School Lunch Program expenditures were understated by \$22,000 and \$1,111,420 for fiscal years 2022-2023 and 2023-2024, respectively.
- The Title I Grants to Local Educational Agencies expenditures were understated by \$102,229 and \$277,765 for 2022-2023 and 2023-2024, respectively.
- The Emergency Connectivity Fund Program was omitted, which understated expenditures by \$243,750 for 2023-2024.
- The English Language Acquisition State Grants expenditures were understated by \$1,020 for 2022-2023.
- The Medical Assistance Program expenditures were overstated by \$1,073 for 2023-2024.

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

Criteria

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](#)."

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:

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 § 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:

- (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."

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

A proper system of internal controls was not designed by management of the School Corporation. The School Corporation uploaded the grant information from the software but portions of the grants were not included.

Effect

Without adequate internal controls, the School Corporation cannot ensure that the grants uploaded to Gateway agree with the School Corporation's software and would allow potentially material errors to appear on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: 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): 22611-042-ARP, 22619-042-ARP
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative). During fiscal years 2022-2023 and 2023-2024, the Cooperative operated the special education program and spent the federal money on behalf of all its members. As the grant agreement was between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the procurement and the suspension and debarment requirements. The Cooperative did not have adequate procedures in place to ensure that the requirements for the simplified acquisition threshold and for small purchases were met for each applicable procured good or service or to ensure that vendors were not suspended or debarred prior to entering into a covered transaction.

Procurement

When the value of the procurement for property or services exceeds the simplified acquisition threshold (SAT), or a lower threshold established by a nonfederal entity, formal procurement methods are required. The SAT is typically set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold. Therefore, the SAT threshold is set at \$150,000. Formal procurement methods require adherence to documented procedures and formal methods such as sealed bids or proposals. When the purchase value exceeds the micro-purchase threshold but is less than the simplified acquisition threshold, a small purchase occurs. Small purchases require documented full and open competition or a documented rationale for limited competition.

For 2022-2023, the Cooperative had one vendor with disbursements totaling \$379,313, which exceeded the SAT threshold of \$150,000. The Cooperative did not obtain sealed bids or competitive proposals nor was there documentation detailing the history of the procurement, which must include the reason for the procurement method used.

For 2022-2023, the Cooperative had one vendor with disbursements in the amount of \$55,374, which were less than the SAT threshold of \$150,000, but exceeded the \$50,000 micro-purchase threshold and was selected for testing. The Cooperative did not obtain price or rate quotes nor was there documentation detailing the history of the procurement, which must include the reason for the procurement method used.

For 2023-2024, three vendors with disbursements totaling \$175,125 were identified as being less than the simplified acquisition threshold of \$150,000 but exceeding the \$50,000 micro-purchase threshold and were selected for testing. The Cooperative did not obtain price or rate quotes for two of the three vendors and there was no documentation detailing the history of the procurement, which must include the reason for the procurement method used.

Suspension and Debarment

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 vendor, or adding a clause or condition to the covered transaction with that vendor.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Upon inquiry of the Cooperative in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the Cooperative disclosed there were not any documented internal controls or procedures. Nine covered transactions were identified. The covered transactions, totaling \$803,836, were selected for testing. The Cooperative did not verify the suspension and debarment status of the tested vendors prior to payment.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

- (a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) *Small purchases* —

- (i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . .

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(b) *Formal Procurement Methods.* When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate: . . .

- (1) *Sealed bids.* A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions. . . .
- (2) *Proposals.* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. . . ."

2 CFR 180.300 states:

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

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

Cause

The Cooperative noted that the ARP portion of the Special Education grant was new for 2022-2023 and 2023-2024. The ARP funding gave opportunity for types of expenditures that do not typically get expensed using Special Education funding. The transactions noted within the *Condition and Context* were from the ARP portion of the grant, which provided property or services that exceeded the micro-purchase threshold. Management of the Cooperative was unaware of the procurement requirements when property or services exceed the micro-purchase threshold. In addition, management of the Cooperative was unaware of the suspension and debarment requirements when a covered transaction is expected to equal or exceed \$25,000.

Effect

Without the proper implementation of an effectively designed 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. Without following the required methods for procurement, the Cooperative could be overpaying for services. Unverified vendors to whom payments equal to or in excess of \$25,000 could be suspended, debarred, or otherwise excluded.

DEKALB COUNTY CENTRAL UNITED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management design and implement a system of internal controls related to procurement and suspension and debarment procedures to ensure procurement requirements are met and to ensure entities are neither suspended nor debarred or otherwise excluded or disqualified prior to entering into any covered transactions.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

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

Current Audit Period: 2022-2024

Finding Subject: SEFA Inaccuracies

Summary of Finding:

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

Condition and Context

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 controls were not effective and did not detect and allow correction of errors prior to submission. Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- 1. The Summer Food Service Program for Children expenditures were understated by \$673,708 in fiscal year 2020-2021.*
- 2. Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$23,101, in total. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.*

Status of Audit Finding: PARTIALLY CORRECTED

Response Comments:

We are now working with our Food Service Department (Director & Food Service Secretary) to review all School Nutrition financials prior to submitting the information within the SEFA. We will have a doublecheck of calculations & review of all SEFA numbers prior to submission within the AFR. Should there be any discrepancies discovered after the AFR & SEFA are submitted, we contact the state & request they reopen the AFR for SEFA corrections, prior to the next AFR reporting period.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022

Current Audit Period:2022-2024

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

Audit Finding: Material Weakness. 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.

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

Status of Audit Finding: FULLY CORRECTED, but the corrective action implemented differs significantly from the original planned corrective action

Response Comments:

After the audit finding pertaining to Covid-19 grant funds, DeKalb Central Schools contracted with Mazi Education to administer and oversee our pandemic relief grants, as well as our Federal Title grants. The president of Mazi, Mr. Nathan Williamson, is a former employee of the IDOE Grant Division. Mazi handles our grant budgeting process & all of the required financial reporting including amendments, reimbursement requests, and final reports. Mr. Williamson has review only access to our ERP system & can pull all financials needed for the required submissions. Once Mazi completes a report / request for reimbursement, they send an email with a copy of the filing to the Superintendent, Assistant Superintendent, CFOO, Director of Business Operations, as well as Accounting Generalist Leigh Ann Heltsley & asks that at least one person from DeKalb's staff review and approve the numbers before the report is submitted.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period:2022-2024

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

Tests and Provisions - Wage Rate Requirements

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 Special Tests and Provisions - Wage Rate Requirements compliance requirement. Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed. The School Corporation contracted with Schambaugh & Son, LLP, for a heating, ventilation, and air conditioning (HVAC) system of which \$135,000 was financed with ESSER III funds. None of the contracts or subcontracts contained the required prevailing wage rate clause. Additionally, the required certified payrolls were not timely presented for audit for any of the projects. As such it could not be determined if wage rate requirements were properly adhered to for the HVAC system project.

Status of Audit Finding: FULLY CORRECTED and the original corrective action was implemented.

Response Comments: N/A



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period:2022-2024

Finding Subject: Special Education Cluster (IDEA) - Earmarking

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for 20611-042-PN01, 21611-042-PN01, and 21619-042-PN01 grant awards could not be verified for the individual schools to verify the minimum amount per the grant awards was expended and properly reported to the IDOE as required. The lack of internal controls and noncompliance were isolated to the 20611-042-PN01, 21611-042-PN01, and 21619-042-PN01 grant awards.

Status of Audit Finding: FULLY CORRECTED and the original corrective action was implemented.

Response Comments: N/A



CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Financial Close and Reporting

Summary of Finding: Clearing funds were not presented on the financial statement. Items presented “due within one year” in the Leases and Debt schedule were overstated due to the timing of payments.

Contact Person Responsible for Corrective Action: Gina Buhr

Contact Phone Number and Email Address: (260)920-1011 Ext 1082 and gbuhr@dekalbcentral.net

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: To correct the Finding 2024-001, we will directly upload from the New World software instead of using the upload that generates the Form 9 data to ensure that all clearing funds are represented on the Annual Financial Report. We will also print and review the Annual Financial Report packet prior to submission in order to catch any Gateway uploading or timing errors.

Anticipated Completion Date: 2/24/25





CORRECTIVE ACTION PLAN

FINDING 2024-002

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

Summary of Finding: Material misstatements were noted on the SEFA

Contact Person Responsible for Corrective Action: Gina Buhr

Contact Phone Number and Email Address: (260)920-1011 Ext 1082 and gbuhr@dekalbcentral.net

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: We will print and review the SEFA information on Gateway prior to submission of the Annual Financial Report to ensure all applicable data from New World has been uploaded from our import file and is complete.

Anticipated Completion Date: 2/24/25



CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject:

Summary of Finding:

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

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027; 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 22611-042-ARP; 22619-042-ARP

Pass-Through Entity: Indiana Department of Education

Compliance Requirement(s): Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Dawn Mason, Business Manager, DeKalb Co. Eastern CSD

Contact Phone Number and Email Address: 260-868-2125

Views of Responsible Officials:

We concur with the findings.

Description of Corrective Action Plan:

The expenditures referenced in the finding were expended from the American Rescue Plan Special Education grant funds which were fully expended during the audit period. All future expenditures triggering procurement and suspension and debarment requirements will include implementing the following procurement policies.

Reference Procurement Standards 2 CFR 200.318

Districts may not enter into contracts with entities that have been suspended or debarred from participating in contracts with federal funds. For contracts over \$25,000, districts must verify a contractor is not excluded or disqualified. Contractors must be verified in one of three ways:

1. Checking the System for Award Management (SAM) (www.SAM.gov)
2. Collecting a certificate from that contractor.
3. Adding a clause or condition to the covered transaction with that contractor. *(Recommended)*

***Proper verification and documentation must be sent to the LEA for audit purposes.*



Methods of Procurement

Where specific EDGAR/UG thresholds apply, Districts must meet baseline requirements for procurement. If State or local rules have more restrictive thresholds, the most restrictive rule must be followed.

Informal Procurement Procedures

1. Micro-purchase (0-\$50,000)

DeKalb County Eastern CSD has self-certified micro-purchases for up to \$50,000

Micro-purchases may be awarded without soliciting competitive quotes if the district considers the price to be reasonable. Quotes must be attached to the invoice/checks for proper documentation and retained by the LEA.

2. Small Purchase (\$50,000 – \$150,000)

Three quotes are required prior to purchase unless the purchase comes from a “Sole Source” vendor. Small purchases are required to be ordered under a purchase order unless in an emergency. Additional quotes must be presented along with the purchase order prior to being approved by the LEA.

Formal Procurement Procedures

1. Sealed Bids (above \$150,000)

Bids must be solicited from an adequate number of suppliers, providing them with sufficient response time prior to the opening of the bids. Proper advertisement and procedures must be followed per IC 5-22 and corresponding documentation must be presented to the LEA prior to any final approval or purchases being made.

2. Competitive Proposals (above \$150,000)

The Request for Proposal method is used for procurements in which factors other than cost play a significant role. Per IC 5-22-9, when a purchasing agent makes a written determination that the use of competitive sealed bidding is either not practicable or not advantageous to the governmental body, the purchasing agent may award a contract using this procedure instead of competitive sealed bidding. This provides a formal process for the procurement of goods and/or services for which price is not the sole factor in the selection of a vendor or vendors. Proper advertisement and procedures must be followed per IC 5-22 and corresponding documentation must be presented to the LEA prior to any final approval or purchases being made.

Noncompetitive (Sole Source)

All sole source procurements require adequate written justification and must be attached to the corresponding purchase order or payment.

Anticipated Completion Date:

All expenditures initiated after March 12, 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/>.