

**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

SCHOOL TOWN OF MUNSTER

LAKE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

02/17/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-19
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-30
Corrective Action Plan	31-32
Other Reports.....	33

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda Zaborowski Jessica Espinoza	07-01-22 to 12-06-22 12-07-22 to 06-30-25
Superintendent of Schools	Dr. Bret Heller	07-01-22 to 06-30-25
President of the Board of Trustees	Ingrid Schwarz Wolf John Castro John J. Doherty Kyle Dempsey	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 06-30-25



Paul D. Joyce, CPA
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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 SCHOOL TOWN OF MUNSTER, LAKE 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 School Town of Munster (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 6, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 6, 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 SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the School Town of Munster'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 Child Nutrition Cluster

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

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the period of July 1, 2022 to June 30, 2024.

Basis for Qualified 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 Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Child Nutrition Cluster, as described in item 2024-001 for Procurement 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.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in item 2024-002 for Equipment and Real Property Management. 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.

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)

- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

Report on Internal Control over Compliance.

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

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

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)

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 6, 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 6, 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.



SCHOOL TOWN OF MUNSTER
 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			FY2023	\$ -	\$ 130,731	\$ -	\$ -
School Breakfast Program			FY2024	-	-	-	76,457
				<u>-</u>	<u>130,731</u>	<u>-</u>	<u>76,457</u>
Total - School Breakfast Program				-	130,731	-	76,457
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY2023	-	1,092,113	-	-
National School Lunch Program			FY2024	-	-	-	731,018
Commodities			FY2023	-	125,773	-	-
Commodities			FY2024	-	-	-	70,373
				<u>-</u>	<u>1,217,886</u>	<u>-</u>	<u>801,391</u>
Total - National School Lunch Program				-	1,217,886	-	801,391
Total - Child Nutrition Cluster				-	1,348,617	-	877,848
Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
			FY2023	-	628	-	-
				<u>-</u>	<u>628</u>	<u>-</u>	<u>-</u>
Total - Department of Agriculture				-	1,349,245	-	877,848
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Sp Ed Part B 611 FY21	Indiana Department of Education	84.027	21611-147-PN01	-	291	-	-
Sp Ed Part B 611 FY22			22611-147-PN01	-	99,585	-	46,458
Sp Ed Part B 611 FY23			23611-147-PN01	-	968,523	-	44,849
Sp Ed Part B 611 FY24			24611-147-PN01	-	-	-	899,844
				<u>-</u>	<u>1,068,399</u>	<u>-</u>	<u>991,151</u>
Subtotal - Special Education Grants to States				-	1,068,399	-	991,151
COVID-19 - Special Education Grants to States							
FY2022 IDEA Part B (611)	Indiana Department of Education	84.027	22611-147-PN01	-	74,293	-	159,572
				<u>-</u>	<u>74,293</u>	<u>-</u>	<u>159,572</u>
Total - Special Education Grants to States				-	1,142,692	-	1,150,723
Special Education Preschool Grants							
Special Education Preschool Grant FY22	Indiana Department of Education	84.173	22619-147-PN01	-	4,543	-	2,721
Special Education Preschool Grant FY23			23619-147-PN01	-	35,596	-	2,911
Special Education Preschool Grant FY24			24619-147-PN01	-	-	-	35,431
				<u>-</u>	<u>40,139</u>	<u>-</u>	<u>41,063</u>
Subtotal - Special Education Preschool Grants				-	40,139	-	41,063

SCHOOL TOWN OF MUNSTER
 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 FY2022 IDEA Part B (619)	Indiana Department of Education	84.173	22619-147-ARP	-	10,156	-	7,296
Total - Special Education Preschool Grants				-	50,295	-	48,359
Total - Special Education Cluster (IDEA)				-	1,192,987	-	1,199,082
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2020-2021			S010A200014	-	-	-	-
Title I 2021-2022			S010A210014	-	180,548	-	-
Title I 2022-2023			S010A220014	-	270,478	-	30,434
Title I 2023-2024			S010A230014	-	-	-	235,355
Total - Title I Grants to Local Educational Agencies				-	451,026	-	265,789
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III SY 2019-2021			S365A190014	-	950	-	-
Title III SY 2020-2021			S365A200014	-	2,354	-	-
Title III SY 2021-2022			S365A210014	-	15,080	-	-
Title III SY 2022-2024			S365A220014	-	1,023	-	721
Total - English Language Acquisition State Grants				-	19,407	-	721
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A FFY2019			S367A190013	-	634	-	-
Title II Part A FFY2020			S367A200013	-	27,124	-	152
Title II Part A FFY2021			S367A210013	-	61,044	-	3,961
Title II Part A FFY2022			S367A220013	-	20,433	-	50,442
Title II Part A FFY2024 Level Up Leadership Cohort 1			S367A230013	-	-	-	9,264
Title II Part A FFY2023			S367A230013	-	-	-	34,098
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	109,235	-	97,917
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A FY19 2019-2021			S424A190015	-	2,901	-	-
Title IV Part A FY20 2020-2022			S424A200015	-	3,844	-	-
Title IV Part A FY21			S424A210015	-	19,717	-	651
Title IV Part A FY22			S424A220015	-	3,883	-	13,046
Title IV Part A FY23			S424A230015	-	-	-	7,095
Total - Student Support and Academic Enrichment Program				-	30,345	-	20,792

SCHOOL TOWN OF MUNSTER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
ARP-HCY II		84.425W	7000S425W210015	-	5,798	-	9,182
ESSER II (CRRSA)		84.425D	S425D200013	-	340,461	-	47,930
ESSER III (CRRSA)		84.425U	S425U200013	-	844,641	-	747,018
Total - COVID- 19- Education Stabilization Fund				-	1,190,900	-	804,130
Total - Department of Education				-	2,993,900	-	2,388,431
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program		93.778					
Medicaid-IEP	Indiana Family and Social Services Administration		FY2023 / FY2024	-	51,525	-	33,844
Medicaid-MAC	Indiana Department of Education		FY2023 / FY2024	-	12,786	-	18,167
Total - Medicaid Cluster				-	64,311	-	52,011
Total - Department of Health and Human Services				-	64,311	-	52,011
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036					
FEMA Public Assistance DR4515 COVID			PA-05-IN-4515-PW-00210(0)	-	21,533	-	-
Total - Department of Homeland Security				-	21,533	-	-
Total federal awards expended				\$ -	\$ 4,428,989	\$ -	\$ 3,318,290

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

SCHOOL TOWN OF MUNSTER
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.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	Qualified Qualified

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

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 Numbers and Years (or Other Identifying Numbers): FY2023, FY2024
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Modified Opinion

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

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

Condition and Context

An effective system of internal controls 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.

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

A population of seven covered transactions for goods or services that equaled or exceeded \$25,000 paid from School Lunch Funds during the audit period was identified. Of the seven transactions tested, the School Corporation did not verify the suspension and debarment status prior to entering into the contract for one contractor that was paid a total of \$732,400 for school cafeteria improvements at multiple school buildings.

The lack of internal controls and noncompliance was isolated to the contractor noted above.

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 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."

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's process was to check for SAM Exclusions and attach the search results to the accounts payable voucher. However, the SAM exclusion check process was not properly implemented for this contractor nor was a certification collected, or a clause or condition added to the covered transaction.

Effect

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

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 or repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management evaluate the procedures established to ensure processes are functioning as intended to prevent, or detect and correct, material noncompliance.

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: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
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 2022-007.

Condition and Context

The School Corporation had not properly designed a system of internal controls to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A property record or capital asset listing is required to be maintained for all equipment and building improvements purchased with the Education Stabilization Fund grant awards to ensure adequate safeguards are in place to prevent loss or damage of items. Equipment to be included in the listing is that which exceeds the School Corporation's capital asset threshold of \$5,000.

The School Corporation purchased \$1,134,226 of equipment and building improvements with the Education Stabilization Funds which should have been recorded as capital assets purchased with federal grant funds as these items individually exceeded the capitalization threshold. However, none of the equipment or building improvements were detailed in the capital asset listing, which also could have documented if the items were properly maintained and safeguarded as required.

In addition, the capital asset listing provided did not include all required information, which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

Lastly, the School Corporation did not complete a physical inventory of the property at least once every two years as required.

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 200.313(d) states in part:

- ". . . (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management did not develop a system of internal controls to ensure that all items over the capital asset threshold were added to the listing, the capital asset listing included all required information, items purchased were properly maintained and safeguarded, and that a physical inventory was completed at least every two years as required.

Effect

The failure to establish an effective internal controls system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirement could have resulted in the loss of future federal funds to the School Corporation or the repayment of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management design and implement a proper system of internal controls that would ensure compliance with the Equipment and Real Property management requirements.

Views of Responsible Officials

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



AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

Due to the lack of effective internal controls, the schedule of expenditures of federal awards presented for audit included errors.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2014

Current Audit Period: July 1, 2022, to June 30, 2024

Finding Subject: *Child Nutrition Cluster – Equipment*

Summary of Finding: *Proper equipment records were not maintained for equipment purchased with federal monies.*

Status of Audit Finding:

Not corrected:

The School Town of Munster is currently tagging assets internally. We may utilize a company in the future, if needed. The Director of Operations was newly hired the 21/22 school year. The Director of Operations is currently doing an internal review of the Capital Asset Ledger and identifying which items were paid for out of federal funds.





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

Finding Subject: Financial Reporting

Summary of Finding:

Due to the lack of effective internal controls, the financial statement presented for audit included errors.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

Due to the lack of effective internal controls, the schedule of expenditures of federal awards presented for audit included errors.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

For employees being paid out of the Child Nutrition Cluster grant as well as other non-federal funds, proper documentation of time spent on federal program and nonfederal program activities was not maintained.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

Finding Subject: Child Nutrition Cluster - Reporting

Summary of Finding:

There were errors in the monthly sponsor claims submitted to the Indiana Department of Education for meal reimbursements in the Child Nutrition Cluster grants.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-005

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

Sealed bids or competitive proposals were not obtained from an adequate number of sources for one of two vendors that exceeded the simplified acquisition threshold. Additionally, the School Corporation did not verify that vendors were neither suspended nor debarred, or otherwise excluded or disqualified from participating in federal assistance programs.

Status of Audit Finding:

Procurement: Fully Corrected and the original corrective action was implemented.

Suspension and Debarment: Partially Corrected – The corrective action plan has been implemented. During the process of correcting this, one vendor was not verified. All other vendors thereafter have been verified for suspension and debarment.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-006

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

Construction contracts subject to the Wage Rate Requirements did not have the required prevailing wage rate clause included in the contract, nor were certified payrolls submitted by the contractor.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-007

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: July 1, 2022, to June 30, 2024

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

Summary of Finding:

The district failed to add improvements paid for out of ESSER monies to the capital asset listing.

Status of Audit Finding:

Not corrected: All assets and required information were not added to the inventory list and complete physical inventory was not completed. The previously implemented corrective action failed to resolve the problem because we did not go back and add ESSER equipment that was part of a contract in the 2020/2022 audit and also the 2023/2024 audit. The ESSER equipment has been added and STM personnel will be conducting a physical inventory by building at least once every two years.



CORRECTIVE ACTION PLAN

FINDING 2024-001

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

Summary of Finding:

The School Corporation did not verify that a vendor was neither suspended nor debarred.

Contact Person Responsible for Corrective Action: Jessica Espinoza

Contact Phone Number and Email Address: (219)836-9111 jbespinoza@munster.us

Views of Responsible Officials:

We concur with the finding. All vendors have been verified for suspension and debarment, thereafter. This was the only vendor that was missed. All employees have been trained to check for vendor suspension or debarment.

Description of Corrective Action Plan:

The School Corporation will ensure that the vendor is either listed in SAM.gov or states in their contract that they are neither suspended nor debarred.

Anticipated Completion Date: March 2025





CORRECTIVE ACTION PLAN

FINDING 2024-002

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

Summary of Finding:

The School Corporation failed to add improvements paid for out of ESSER monies to the capital asset listing and complete physical inventories were not completed.

Contact Person Responsible for Corrective Action: Jessica Espinoza

Contact Phone Number and Email Address: (219)836-9111 jbepinoza@munster.us

Views of Responsible Officials:

We concur with the finding. The School Corporation plans to complete a physical inventory of assets this year and every two years, thereafter.

Description of Corrective Action Plan:

The Director of Operations will share inventory listings with each building. An STM employee will conduct the inventory and it will be reviewed by a supervisor and signed off on. The sources of funding will also be added to the School Corporation’s inventory listing to easily identify equipment paid for out of Federal dollars.

Anticipated Completion Date: Fall 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/>.