

**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 EASTERN COMMUNITY SCHOOL DISTRICT

DEKALB COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/25/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Maria Conwell Mandy Dale	07-01-22 to 10-20-24 10-21-24 to 06-30-25
Superintendent of Schools	Dr. Shane Conwell Ryan Abbott	07-01-22 to 07-19-24 07-20-24 to 06-30-25
President of the School Board	Leon Steury	07-01-22 to 06-30-25



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

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN COMMUNITY
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 Eastern Community 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 March 12, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 12, 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 EASTERN COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the DeKalb County Eastern Community 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)

Matter 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 Special Education Cluster (IDEA), 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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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

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 March 12, 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

March 12, 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 EASTERN COMMUNITY 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					
Fund 0800			FY2022-2023	\$ -	\$ 131,459	\$ -	\$ -
Fund 0800			FY2023-2024	-	-	-	93,747
Total - School Breakfast Program				-	131,459	-	93,747
National School Lunch Program							
Fund 0800	Indiana Department of Education	10.555	FY2022-2023	-	541,574	-	-
Supply Chain Assistance			FY2022-2023	-	69,666	-	-
Commodities			FY2022-2023	-	61,586	-	-
Fund 0800			FY2023-2024	-	-	-	358,915
Supply Chain Assistance			FY2023-2024	-	-	-	43,492
Commodities			FY2023-2024	-	-	-	74,619
Total - National School Lunch Program				-	672,826	-	477,026
Summer Food Service Program for Children							
Fund 0800	Indiana Department of Education	10.559	FY2023-2024	-	-	-	14,629
Total - Summer Food Service Program for Children				-	-	-	14,629
Total - Child Nutrition Cluster				-	804,285	-	585,402
Pandemic EBT Administrative Costs							
Fund 800	Indiana Department of Education	10.649	7182022NS900942	-	628	-	-
Total - Department of Agriculture				-	804,913	-	585,402
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Fund 5202	Indiana Department of Education	84.027	21611-042-PN01	-	2,984	-	-
Fund 5203			22611-042-PN01	-	8,896	-	-
Fund 5203			22611-042-PN01	-	-	-	4,920
Fund 5204			23611-042-PN01	-	318,676	-	-
Fund 5204			23611-042-PN01	-	-	-	2,365
Fund 5205			24611-042-PN01	-	-	-	323,890
Subtotal - Special Education Grants to States				-	330,556	-	331,175
COVID-19 - Special Education Grants to States							
Fund 7911	Indiana Department of Education	84.027	22611-042-ARP	-	41,234	-	28,426
Total - COVID-19 - Special Education Grants to States				-	41,234	-	28,426

DEKALB COUNTY EASTERN COMMUNITY 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
Special Education Preschool Grants	Indiana Department of Education	84.173					
Fund 5411			21619-042-PN01	-	60	-	-
Fund 5412			22619-042-PN01	-	-	-	32
Fund 5413			23619-042-PN01	-	8,314	-	-
Fund 5414			24619-042-PN01	-	-	-	8,463
Subtotal - Special Education Preschool Grants				-	8,374	-	8,495
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173					
Fund 7912			22619-042-ARP	-	3,515	-	1,685
Total - COVID-19 - Special Education Preschool Grants				-	3,515	-	1,685
Total - Special Education Cluster (IDEA)				-	383,679	-	369,781
Adult Education - Basic Grants to States	Indiana Department of Workforce Development Office of Adult Education	84.002					
Fund 7983			AE21-845	-	3,232	-	-
Fund 7984			AE22-845	-	196,965	-	-
Fund 7984			AE22-845	-	-	-	16,580
Fund 7986			AE23-845	-	-	-	222,217
Total - Adult Education - Basic Grants to States				-	200,197	-	238,797
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Fund 4117			S010A210014	-	170,069	-	-
Fund 4118			S010A220014	-	-	-	196,907
Total - Title I Grants to Local Educational Agencies				-	170,069	-	196,907
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Fund 7976			22-0512-A009	-	3,750	-	-
Fund 7975			22-0512-B009	-	60,635	-	-
Fund 7978			23-0512-A009	-	9,701	-	-
Fund 7978			23-0512-A009	-	-	-	4,299
Fund 7977			23-0512-P009	-	246,758	-	-
Fund 7977			23-0512-P009	-	-	-	181,306
Fund 7979			23-0719-S009	-	-	-	289,455
Total - Career and Technical Education -- Basic Grants to States				-	320,844	-	475,060

DEKALB COUNTY EASTERN COMMUNITY 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					
Fund 6843			7000-S367A200013	-	16,664	-	-
Fund 6844			S367A210013	-	36,688	-	-
Fund 6844			S367A210013	-	-	-	12,494
Fund 6845			S367A220013	-	-	-	24,834
Total - Supporting Effective Instruction State Grants				-	53,352	-	37,328
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Fund 5806			S424A210015	-	7,357	-	-
Fund 5806			S424A210015	-	-	-	2,465
Fund 5807			S424A220015	-	-	-	9,975
Total - Student Support and Academic Enrichment Program				-	7,357	-	12,440
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
Fund 7908		84.425U	7000S425U210013	-	31,835	-	-
Fund 7908		84.425U	7000S425U210013	-	-	-	127,162
Fund 7931		84.425D	S425D210013	-	149,869	-	-
Fund 7931		84.425D	S425D210013	-	-	-	126,582
Fund 7923		84.425U	S425U210013	-	431,777	-	-
Fund 7923		84.425U	S425U210013	-	-	-	324,808
Total - COVID-19 - Education Stabilization Fund				-	613,481	-	578,552
Total - Department of Education				-	1,748,979	-	1,908,865
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Fund 6460			2023-2024	-	-	-	10,862
Total - Medicaid Cluster				-	-	-	10,862
Total - Department of Health and Human Services				-	-	-	10,862
Total federal awards expended				\$ -	\$ 2,553,892	\$ -	\$ 2,505,129

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Northeast Indiana Special Education Cooperative (NEISEC)

The School Corporation is a member of the Northeast Indiana Special Education Cooperative and serves as the fiscal agent. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations, as appropriate.

DEKALB COUNTY EASTERN COMMUNITY 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? Significant deficiencies identified?	no none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs: Material weaknesses identified? Significant deficiencies identified?	yes 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
84.048	Child Nutrition Cluster Special Education Cluster	Unmodified Qualified
84.425	Career and Technical Education - Basic Grants to States COVID-19 - Education Stabilization Fund	Unmodified 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

No matters are reportable.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

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

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 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 Suspension and Debarment compliance requirement. 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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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: . . .

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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. . . .

(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 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 American Rescue Plan (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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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.

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 Number: 84.425U
Federal Award Number or Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition and Context

A property record or capital asset listing 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, and use and condition of the property is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

The School Corporation purchased 21 pieces of equipment totaling \$218,573 during the audit period, of which 4 were selected for testing. The 4 items selected for testing were listed on the School Corporation's capital asset listing; however, the listing did not include the percentage of federal participation or the use and condition of property.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d)(1) states:

"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."

Cause

The School Corporation was unaware of the requirements to track the percentage of federal participation in the project costs for the federal award under which the property was acquired and the use and condition of the property.

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, assets added to the capital assets listing did not include all the required elements. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the necessary information and new assets are added.

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: 2021

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

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

Summary of Finding: Material Weakness, Other Matters

SBOA recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain price or rate quotes for all seven vendors tested that were less than the simplified acquisition threshold of \$150,000 but exceeded the \$10,000 micro-purchase threshold. Documentation detailing the history of procurement, which must include the reason for the procurement method used, was not available for audit. Additionally, the School Corporation did not enter a contract with four vendors as required by Indiana Code for purchases between \$50,000 and \$150,000. As such, the School Corporation did not verify that these vendors were not excluded or disqualified from participation in federal assistance programs or activities.

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

The Food Service Director obtains price or rate quotes for vendors exceeding \$10,000 from three sources. They are reviewed and initialed by the Treasurer/Business Manager. For vendors with total disbursements expected to be between \$50,000 and \$150,000, the Food Service Director obtains contracts from the vendors and these contracts are stored at our Central Office. In the event the vendor is unable to provide a certification, DeKalb Eastern will utilize the SAM website to view the exclusions list of vendors.

Response Comments:



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

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: Material Weakness

SBOA recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Reporting compliance requirement.

Monthly Sponsor Claims for Reimbursement (Claims) were submitted to the Indiana Department of Education based upon meals served for the month. The Claims were prepared by the Food Service Director without an oversight or review process in place to prevent, or detect and correct, errors.

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

The Food Service Director prepares the monthly sponsor claims for reimbursement. The Eastside Manager reviews and signs off on the claims. The Food Service Director submits the claims to the Indiana Department of Education after review by the Eastside Manager.

Response Comments:



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2021

20611-042-PN01, 21611-042-PN01, 21619-042-PN01

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

Finding Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking

Summary of Finding: Material Weakness, Modified Opinion

SBOA recommended that the School Corporation's management establish a system of internal controls, as well as appropriately document and identify federal award expenditures to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (NEISEC). During fiscal year 2021-2022, the NEISEC operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the NEISEC. 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 NEISEC complied with the earmarking requirements. The NEISEC 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 NEISEC did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 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.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

The LEA Treasurer keeps a spreadsheet of employee proportionate share expenses, and the spreadsheet is updated monthly based on time and effort logs that are submitted. Any employee utilizing proportionate share funds that is not an employee of NEISEC, but rather a direct employee of another NEISEC School Corporation will be paid directly by the LEA. Time and effort logs will be submitted to the LEA and NEISEC Treasurers for these employees in order to generate direct reimbursement from the grant fund to the NEISEC School Corporation.

Response Comments:



CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Special Education Cluster (IDEA) – Procurement and Suspension and Debarment Summary of Finding:

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(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; dmason@dkeschools.com**

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



CORRECTIVE ACTION PLAN

FINDING 2024-002

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

Summary of Finding: The district did not have proper internal controls in place and documentation to track property or capital assets that were purchased with federal grant funds.

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

Contact Phone Number and Email Address: 260-868-2125; dmason@dkeschools.com

Views of Responsible Officials:

We concur with the findings.

Description of Corrective Action Plan:

As federal funds are used and expended, property and capital assets that meet or exceed the threshold will be entered on a spreadsheet by the Business Manager or Grant Administrator which will contain 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 (FAIN)), 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, and use and condition of the property

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/>.