

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

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

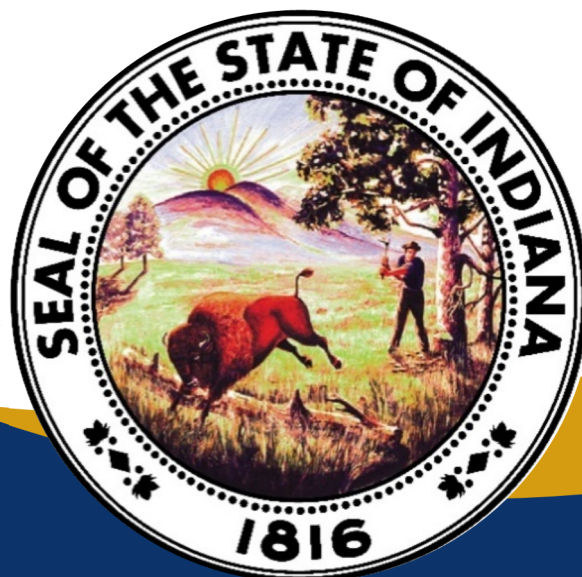
FEDERAL COMPLIANCE AUDIT REPORT

OF

LA PORTE COMMUNITY SCHOOL CORPORATION

LA PORTE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/03/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jayne L. Grillo	07-01-22 to 06-30-25
Assistant Superintendent of Business and Operations	M. Gregory Hunt	07-01-22 to 06-30-25
Superintendent of Schools	Dr. Mark D. Francesconi (Vacant) Dr. Peggy Hinckley (interim) Dr. Sandra Wood	07-01-22 to 02-12-24 02-13-24 to 02-18-24 02-19-24 to 07-15-24 07-16-24 to 06-30-25
President of the School Board	Shari Ott Jim Arnold Ryan Seaburg	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 06-30-25



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INDIANA STATE BOARD OF ACCOUNTS

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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 LA PORTE COMMUNITY SCHOOL
CORPORATION, LA PORTE 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 La Porte Community School Corporation (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 19, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

La Porte Community School Corporation's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 19, 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 LA PORTE COMMUNITY SCHOOL CORPORATION, LA PORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the La Porte Community School Corporation'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 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.

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 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 2024-004 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.

Matters 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 items 2024-005 Equipment and Real Property Management and 2024-006 Wage Rate Requirements. Compliance with such requirements are 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

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004, 2024-005, and 2024-006, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003, to be significant deficiencies.

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)

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.

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 19, 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 19, 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.



LA PORTE COMMUNITY SCHOOL CORPORATION
 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			FY 2022-2023	\$ -	\$ 787,774	\$ -	\$ -
School Breakfast			FY 2023-2024	-	-	-	808,212
Total - School Breakfast Program				-	787,774	-	808,212
National School Lunch Program							
Commodities	Indiana Department of Education	10.555					
School Lunch			FY 2022-2023	-	283,371	-	-
Supply Chain Assistance			FY 2022-2023	-	2,465,157	-	-
After School Snacks			FY 2022-2023	-	290,276	-	-
Commodities			FY 2022-2023	-	33,321	-	-
School Lunch			FY 2023-2024	-	-	-	323,633
Supply Chain Assistance			FY 2023-2024	-	-	-	2,588,512
After School Snacks			FY 2023-2024	-	-	-	184,931
After School Snacks			FY 2022-2023	-	-	-	47,674
Total - National School Lunch Program				-	3,072,125	-	3,144,750
Summer Food Service Program for Children							
Summer Feeding	Indiana Department of Education	10.559					
Summer Feeding			FY 2022-2023	-	62,126	-	-
Summer Feeding			FY 2023-2024	-	-	-	46,458
Total - Summer Food Service Program for Children				-	62,126	-	46,458
Total - Child Nutrition Cluster				-	3,922,025	-	3,999,420
Total - Department of Agriculture				-	3,922,025	-	3,999,420
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
5240-100 Special Ed.			22611-053-PN01	-	1,061,683	-	47,108
5240-200 Special Ed.			23611-053-PN01	-	-	-	1,440,977
Subtotal - Special Education Grants to States				-	1,061,683	-	1,488,085
COVID-19 - Special Education Grants to States							
7911-21 Special Ed 611	Indiana Department of Education	84.027					
			22611-053-ARP	-	210,403	-	140,261
Total - Special Education Grants to States				-	1,272,086	-	1,628,346

LA PORTE COMMUNITY SCHOOL CORPORATION
 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					
545-20 Special Ed Preschool			21619-053-PN01	-	8,378	-	-
5450-100 Special Ed. Preschool			22619-053-PN01	-	54,057	-	9,531
5450-200 Special Ed. Preschool			23619-053-PN01	-	-	-	58,233
Subtotal - Special Education Preschool Grants				-	62,435	-	67,764
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173					
7912-200 ARP 619			22619-053-ARP	-	21,074	-	5,103
Total - Special Education Preschool Grants				-	83,509	-	72,867
Total - Special Education Cluster (IDEA)				-	1,355,595	-	1,701,213
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
410-21 Title I Part A			S010A210014	-	318,545	-	-
414-21 Title I Part D			S010A210014	-	11,730	-	-
410-22 Title I Part A			S010A220014	-	937,313	-	512,053
414-22 Title I Part D			S010A220014	-	10,567	-	14,084
4100-300 Title I Part A			S010A230014	-	-	-	785,265
4140-300 Title I Part D			S010A230014	-	-	-	18,472
Total - Title I Grants to Local Educational Agencies				-	1,278,155	-	1,329,874
English Language Acquisition State Grants	Indiana Department of Education	84.365					
688-20 Title III ENL			S365A190014	-	928	-	-
688-21 Title III ENL			S365A210014	-	33,667	-	4,265
6880-200 Title III ENL			S365A220014	-	-	-	34,071
6880-300 Title III ENL			S365A220014	-	-	-	3,313
Total - English Language Acquisition State Grants				-	34,595	-	41,649
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
684-21 Title II Part A			S367A200013	-	5,787	-	1,199
684-22 Title II Part A			S367A210013	-	226,217	-	10,656
6840-300 Title II Part A			S367A220013	-	-	-	180,211
684-400 Title II Part A			S367A230013	-	-	-	164,733
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	232,004	-	356,799
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
588-119 Title IV Part A			S424A190015	-	1,300	-	-
588-20 Title IV Part A			S424A200015	-	10,230	-	-
588-21 Title IV Part A			S424A210015	-	47,075	-	39,990

LA PORTE COMMUNITY SCHOOL CORPORATION
 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
588-22 Title IV Part A			S424A220015	-	12,265	-	64,327
5800-300 Title IV - BSCA			S424F220015	-	-	-	80,155
5880-400 Title IV Part A			S424A220015	-	-	-	1,404
Total - Student Support and Academic Enrichment Program				-	70,870	-	185,876
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
7941-20 CARES		84.425D	S425D200013	-	120,750	-	-
7931-21 ESSER II CARES 2.0		84.425D	S425D210013	-	2,584,901	-	1,016,543
7923-100 ESSER III		84.425U	S425U210013	-	3,886,171	-	2,214,408
7908-200 ESSER ARP		84.425U	S425U210013	-	68,576	-	227,442
7910 (300) ARP HCY II		84.425W	S425W210015	-	-	-	35,410
Total - COVID-19 - Education Stabilization Fund				-	6,660,398	-	3,493,803
Total - Department of Education				-	9,631,617	-	7,109,214
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Health and Human Services	93.778					
Medicaid Administrative Claiming			FY 2022-2023	-	380,308	-	-
Medicaid Administrative Claiming			FY 2023-2024	-	-	-	306,089
Total - Medical Assistance Program				-	380,308	-	306,089
Total - Medicaid Cluster				-	380,308	-	306,089
Substance Abuse and Mental Health Services	Indiana Department of Education	93.243					
Projects of Regional and National Significance							
4903-300 Project Aware			SM087496	-	-	-	307,974
4903-400 Project Aware			SM087496	-	-	-	67,351
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	-	-	375,325
Total - Department of Health and Human Services				-	380,308	-	681,414
Total federal awards expended				\$ -	\$ 13,933,950	\$ -	\$ 11,790,048

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

LA PORTE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the School Corporation under programs of the federal government for the years ended June 30, 2023 and 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. South La Porte County Special Education Cooperative

The School Corporation is a member of the South La Porte County 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.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

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

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

Dollar threshold used to distinguish between Type A and Type B programs: \$771,720

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

FINDING 2024-001

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

Repeat Finding

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

Condition and Context

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal controls.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments (Bank Reconciliations)

The School Corporation had not been able to reconcile its bank accounts to its funds ledger since the conversion to a new accounting software in April of 2016.

Bank reconciliations, including a combined reconciliation, were not performed on a timely basis for all bank accounts. Based on a sample of six monthly reconciliations, five were performed between three and nine months after the bank statement date. The School Corporation reconciled the ledger receipts and disbursements to the bank statement activity each month and had not reconciled the cash balances in the financial records of the School Corporation to the bank balances as required. Additional audit procedures were performed to test the June 30, 2023 and 2024 reconciliations provided.

In reviewing the documentation provided, we noted the following items:

- The June 30, 2023 and 2024 adjusted bank balance was determined to be more than the ledger balance by \$316,611 and \$294,333, respectively. The financial statement was not adjusted for these variances.
- Additionally, during our testing, we discovered the La Porte Multi-Building School Corporation (MBSC) obtained the Ad Valorem Property Tax First Mortgage Bonds, Series 2016 on November 9, 2016, to finance the construction and improvements to the school buildings. Per the bond transcript, \$4,000,000 of the proceeds received by the MBSC was used for purchase of leased property from the School Corporation. The School Corporation received and used the \$4,000,000 for construction and construction related expenses; however, this account was not included in any bank reconciliations.

Financial Close and Reporting

The School Corporation did not have effective internal controls to detect and prevent errors on the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement.

Although the School Corporation implemented internal controls over the submission of the financial information, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of an effective internal control system, it allowed the following errors to remain undetected:

- The Clearing fund activity was included in the financial statement for fiscal years ending June 30, 2023 and 2024; however, the receipts and disbursements for each year included the bank transfers within the fund as receipts and disbursements. As a result, receipts and disbursements for the fiscal year ending June 30, 2023, were overstated by \$23,668,545 and \$24,031,104, respectively. The receipts and disbursements for fiscal year ending June 30, 2024, were overstated by \$41,080,380 and \$41,080,094, respectively.

LA PORTE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

- The La Porte Multi-Building School Corporation (MBSC) obtained the Ad Valorem Property Tax First Mortgage Bonds, Series 2016 on November 9, 2016, to finance the construction and improvements to the school buildings. Per the bond transcript, \$4,000,000 of the proceeds received by the MBSC was used for the purchase of leased property from the School Corporation. The School Corporation received and used the \$4,000,000 for construction and construction related expenses. However, the receipt of the \$4,000,000 from the MBSC and the subsequent disbursements of these monies were not recorded in the records of the School Corporation and were not reported on the AFR. This resulted in the following variances during the audit period:
 - Cash and investments beginning balances were understated by \$4,247,578 and \$114,145, at July 1, 2022, and July 1, 2023, respectively.
 - At June 30, 2023, receipts and disbursements were understated by \$80,468 and \$4,213,901, respectively.
 - At June 30, 2024, receipts and disbursements were understated by \$1,837 and \$115,982, respectively.

The following funds were omitted from the AFR:

Fund Name	Cash and Investments 06-30-23	Receipts	Disbursements	Cash and Investments 06-30-24
ARP 619	\$ (1,469)	\$ 8,920	\$ 7,451	\$ -
Emergency Connectivity	10,350	-	1,099	9,251
Esser III	(135,030)	2,214,408	2,516,313	(436,935)
Esser II	(195,949)	1,016,543	820,594	-

- Of the 39 transfers tested, 5 were determined to be bank-to-bank transfers within the same fund resulting in an overstatement of transfers in and transfers out of \$30,000 and \$3,255,706 for fiscal years ending June 30, 2023 and 2024, respectively.

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

Criteria

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

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

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

The School Corporation converted to a new financial software in April 2016. Since this time, the School Corporation has struggled to perform monthly bank reconciliations and to determine how to properly account for bank-to-bank activity and clearing funds in the financial system.

Effect

Effective internal controls had not been properly designed or implemented to ensure a combined bank reconciliation was completed or to ensure all depository balances were reconciled in total to the School Corporation's financial system cash balance. Internal control deficiencies also contributed to the omissions and errors in the financial information reported in the AFR, which included all fund activity including bank-to-bank transfers in error. Without a proper system of internal controls in place that operated effectively, the cash balance of all bank accounts was not reconciled to the financial system records, and material errors in the School Corporation's financial statement remained undetected.

The magnitude of the internal control deficiencies and errors caused additional audit work to be completed.

Views of Responsible Officials

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

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2024-002

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

Repeat Finding

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

Condition and Context

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

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

- The Special Education Cluster (IDEA) expenditures were overstated by \$1,015,837 and \$1,264,852 for fiscal years ending June 30, 2023 and 2024, respectively.
- The COVID-19 - Education Stabilization Fund (ESF) was overstated by \$998,036 for fiscal year ending June 30, 2023.
- Several other grants had individual errors that resulted in total understatements of expenditures of \$156,189 and \$645,882 for fiscal years ending June 30, 2023 and 2024, respectively.

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

Criteria

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

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

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

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

The School Corporation is the fiscal agent for the South La Porte County Special Education Cooperative (Cooperative) and erroneously entered total federal expenditures of the Cooperative rather than only the School Corporations portion. Additionally, the School Corporation claimed reimbursement and received funds for the incorrect COVID-19 - Education Stabilization Fund grant. As a correction, the School Corporation was directed by the pass-through agency to send the funds back and claim reimbursement on the proper grant; however, the reimbursement that was returned to the pass-through agency was included by the School Corporation on the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, the federal grant information was not properly entered into Gateway, which led to material misstatements on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

Subject: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 22611-053-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Significant Deficiency, Other Matters

LA PORTE COMMUNITY SCHOOL CORPORATION
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

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

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

Due to the timing of the Cooperative's corrective action, the nonpublic expenditures spent did not meet the earmarking requirements for grant award number 22611-053-PN01. From the beginning of the grant awards until March 2023, total grant expenditures were posted as expended. The nonpublic proportionate share expenditures were determined by applying a percentage to the nonpublic school budgeted expenditures. Beginning in March 2023, the Cooperative began tracking expenditures by member school for the nonpublic services. As such, we were unable to identify if the minimum amount per the grant award was expended and properly reported to the IDOE from the beginning of the grant awards through March 2023, as required.

The lack of internal controls and noncompliance was isolated to 22611-053-PN01 grant award.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

- (g) Be adequately documented. . . ."

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

Through management inquiry, they were unaware of the requirements to track nonpublic proportionate share expenditures directly for each member school. While the Cooperative did implement new processes and procedures to ensure expenditures were tracked by member school starting in March 2023, most of the grant award had been allocated to the member schools based on a percentage of the budget.

Effect

Without the proper implementation of an effectively designed system of internal controls, the Cooperative was unable to track expenditures for nonpublic services for each member school. Consequently, the amounts requested for reimbursement were not supported by actual expenditures, but rather a percentage based on the budget per member school. Because of this, expenditures were not accurately reported to the oversight agency.

Questioned Costs

There were no questioned costs identified.

Recommendation

Management of the Cooperative should develop written policies and procedures which would require tracking of actual nonpublic proportionate share expenditures by member school. Documentation should be maintained to show how these expenditures are being tracked to ensure compliance with the Earmarking requirements.

Views of Responsible Officials

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

FINDING 2024-004

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 22611-053-PN01, 22611-053-ARP
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is a member of the South La Porte County Special Education Cooperative (Cooperative). The Cooperative operated the special education program and spent the federal money on behalf of all its members. As the grant agreement was between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative.

Procurement - Small Purchase

When the value of the procurement for property or services are within the small purchase threshold, or a lower threshold established by a nonfederal entity, quotes and a contract are required. The small purchase threshold is between \$10,000 and \$150,000; however, the threshold between \$10,000 and \$50,000 require quotes from an adequate number of qualified sources. Indiana Code 5-22-8 has more restrictive requirements for the small purchase threshold between \$50,000 and \$150,000, which require three quotes and a contract to be awarded.

In fiscal year 2023, the Cooperative had five vendors which fell within the small purchase threshold and all five vendors were tested. The Cooperative did not obtain quotes or competitive proposals, nor was a circumstance met that would have allowed for a noncompetitive procurement for the purchases. The total amount spent with all five vendors was \$292,806. The lack of internal controls and noncompliance was isolated to 2023.

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

Six vendors paid from the grant funds were identified as being covered transactions during the audit period. Three vendors each fiscal year provided goods or services which equaled or exceeded \$25,000 and were selected for testing. The total amount spent on covered transactions was \$266,063 and \$142,639 for 2023 and 2024, respectively. For all six vendors, the Cooperative did not verify the vendors' suspension and debarment status prior to payment.

The lack of internal controls and noncompliance was isolated to the 22611-053-PN01 and 22611-053-ARP grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.320 states in part:

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

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

(2) *Small purchases* —

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

2 CFR 180.300 states:

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

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

Cause

The Cooperative noted they were unaware of the procurement requirements of expenditures within the Small Purchase Threshold and for suspension and debarment. They stated they have used the same vendors to provide professional services for several years but only recently started using federal grant award funds for the services.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, the Cooperative cannot ensure the vendors paid with federal award funds are procured using the required methods and are not suspended or debarred from receiving federal funds. Without following the required methods for procurement and suspension and debarment, the Cooperative could be overpaying for services or could be paying vendors who are precluded from receiving federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

Management of the Cooperative should develop written policies and procedures which would require that appropriate procurement methods are used for vendors that are within the Small Purchase Threshold and to ensure vendors are not suspended or debarred. Appropriate documentation should be maintained to ensure compliance with procurement and suspension and debarment.

Views of Responsible Officials

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

FINDING 2024-005

Subject: 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): S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the purchase of equipment with federal award dollars.

A property record or capital asset listing is required to be maintained for all equipment purchased with the School Corporation's Education Stabilization Fund grant award. Equipment to be included in the listing is that which exceeds the School Corporation's capital asset threshold. The School Corporation's capital asset policy identifies a capital asset as an item which cost at or above \$5,000.

The School Corporation hired a consultant to compile and provide to them a fixed asset report that contained all inventory and assets purchased that exceeded the School Corporation's capitalization threshold through June 30, 2024. The consultant prepared the report; however, the School Corporation did not have any policies or procedures in place to ensure the listing was complete, nor was there any documentation that differences between the compiled asset report and the School Corporation's equipment records were reviewed and resolved.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation's capital asset listing did not include all the required asset information for assets purchased with federal awards. The following information for each asset was not included in the School Corporation's capital asset listing: the source of funding for the property (including the federal award identification number (FAIN)), 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.

During the audit period, the School Corporation had improvement projects totaling \$8,022,149 with Education Stabilization Funds (ESF). These assets were not included on the capital asset listing or physical inventory prepared by the consultant. As such, the School Corporation did not maintain a capital asset listing with the equipment purchased with the ESF; the School Corporation could not have conducted a complete physical inventory biannually as required and could not properly maintain and safeguard the equipment as required.

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) 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. . . ."

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation stated it did not include the recent improvements to the HVAC on the capital asset listing as it was waiting to receive an appraisal to determine how much of the project was equipment related rather than the whole contracted amount. Per the School Corporation's Policy 7455, entitled *Accounting System for Capital Assets*, capital assets are to be "capitalized in accordance with GAAP," which would include the full cost to bring the asset (equipment) to a location and condition for its use such as installation, assembly, freight, etc.

Effect

Without the proper implementation of an effectively designed system of internal controls, the School Corporation cannot ensure the capital asset purchases are properly accounted for. Not properly accounting for equipment that meets the capital asset threshold does not provide an accurate depiction of the total capital assets maintained by the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommend 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, new assets are properly added, and any discrepancies are reconciled.

Views of Responsible Officials

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

FINDING 2024-006

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

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): S425D210013, S425U210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition and Context

An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the wage rate requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations.

The School Corporation did not have adequate policies or procedures to ensure that all construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. The School Corporation had four contracts related to an HVAC project during the audit period that was subject to the wage rate requirements. Three of the four contracts did not have the required prevailing wage rate clause included in the contract.

The lack of control and noncompliance was isolated to the three contracts mentioned 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). . . ."

29 CFR 5.5 states in part:

"(a) The Agency head will cause or require the contracting officer to require the contracting officer to insert in full, or (for contracts covered by the Federal Acquisition Regulation (48 CFR chapter 1)) by reference, in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the laws referenced by § 5.1, the following clauses. . . ."

(1) *Minimum wages.*

- (i) All laborers and mechanics employed or working upon the site of the work (or otherwise working in construction or development of the project under a development statute), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of basic hourly wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. . . ."

LA PORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200 Appendix II states in part:

"In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, 'Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction'). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . ."

Cause

Management had not established a system of internal controls that would have ensured compliance or that the required clause was included in the contracts for the Special Tests and Provisions - Wage Rate Requirements compliance requirement. The School Corporation posted Davis Bacon posters at the jobsite of the HVAC project in lieu of including the cause in the contract for the identified vendors.

Effect

The failure to establish an effective system of internal controls over the Special Test and Provisions - Wage Rate Requirement resulted in three contracts not meeting the guidelines established.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001, 2020-001

Fiscal Year in Which the Finding Initially Occurred:
2014

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

Finding Subject:
Financial Transactions and Reporting

Summary of Finding:
Cash and Investments (Bank Reconciliations) – The School Corporation had not been able to reconcile its bank accounts to its funds ledger since the conversion to a new accounting software in April 2016.

The School Corporation's three bank accounts were not reconciled timely, nor was there a combined reconciliation of all bank accounts performed.

Status of Audit Finding:
Partially corrected.

Response Comments:
In September 2020, all reconciliations for bank 3 dating back to 2016 were completed. In September 2021, all reconciliations for bank 5 dating back to April 2016 were completed. Around May 2022, we hired a consultant to assist us with reconciling our payroll bank 10 and creating a combined bank statement for all of our bank accounts. Michele Moore, our consultant, was a former SBoA auditor and has worked with other Skyward users. By January 2023, the Treasurer has been able to completely reconcile bank 10 to the receipts but the expense/liability totals are still a work in progress. We are continuing to try to find the expense/liability issues within bank 10 but we believe it partially stems back to our conversion and also the timing of when expenses are paid within the month in Skyward. We are also in the process of looking into converting to a new financial software system. But for now, the combined reconciliation is uploaded to Gateway including the outstanding check lists for each bank. The Assistant Superintendent for Business and Operations reviews the reconciliations before signing off of each one. Each month is then closed in Skyward.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal Year in Which the Finding Initially Occurred:
2022

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

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

Summary of Finding:
Condition and Context – The School Corporation had not established effective internal controls over the information entered in the Indiana Gateway financial reporting system.

The School Corporation failed to properly review the federal grant information prepared and submitted to Gateway. Internal controls were not effective and did not detect and allow correction of errors prior to submission.

Status of Audit Finding:
Partially Corrected.

Response Comments:
We were reviewing all of the reports and verifying the accuracy of those reports, however, we found that we needed to add additional steps before we should be filing our final Gateway submission of the SEFA.

In addition to what we have already been doing, the Special Education Co-Op proportionate share will be reviewed by the director of Special Education, the Treasurer and the Deputy Treasurer for accuracy. The Deputy Treasurer, the Treasurer and Assistant Superintendent for Business & Operations (ASBO) will review that LaPorte's portion is the only data we will be reporting on the SEFA. In Mid-August, we will review the Child Nutrition data with the Director of Food Service, the Deputy Treasurer and the ASBO for accuracy. The Federal Award ID numbers will be reviewed by the Treasurer, Deputy Treasurer and ASBO for accuracy before submission. A review of SAM.gov for ALN numbers will be conducted. Prior to submission, the Treasurer, Deputy Treasurer and the ASBO will review the Annual Financial Report in its entirety to ensure accuracy. The data is compared to the Form 9 and other miscellaneous reports ran with open date ranges within Skyward before signing off on the report and having it uploaded to Gateway.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal Year in Which the Finding Initially Occurred:
2022

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

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

Summary of Finding:
Condition and Context – An effective internal control system was not designed or implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Wage Rate Requirements compliance requirement.

The School Corporation did not have adequate policies or procedures to ensure that all construction contracts in excess of \$2,000 paid included a prevailing wage rate clause. Two contracts during the audit period were subject to the wage rate requirements; however, the contracts 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:
Partially corrected and the original corrective action has been implemented.

Response Comments:
After this was brought to our attention, we started obtaining certified payroll from our construction vendors along with their pay application. If their certified payroll wasn't attached, we did not pay the pay application until we received the documentation.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal Year in Which the Finding Initially Occurred:

2022

Current Audit Period:

July 1, 2022 – June 30, 2024

Finding Subject:

COVID-19 - Education Stabilization Fund – Reporting

Summary of Finding:

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

The School Corporation filed the four ESSER and two GEER annual data reports due during the audit period. However, for GEER I, Year 2, the School Corporation reported \$56,149 in expenditures although it had \$314,301 in expenditures during that reporting period.

Status of Audit Finding:

Fully corrected.

Response Comments:

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-005, 2020-005

Fiscal Year in Which the Finding Initially Occurred:
2020

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

Finding Subject:
Special Education Cluster (IDEA) - Earmarking

Summary of Finding:

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

The Non-Public Proportionate Share expenditures for the 21611-053-PN01 grant award could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were determined by applying a percentage to the non-public school budgeted expenditures. These were the amounts reported to the IDOE.

Status of Audit Finding:
Partially corrected.

Response Comments:

Beginning in March 2023, the Cooperative began tracking expenditures by member schools for the non-public services instead of applying a percentage. The minimum amount per the grant award will be expended and properly report to the IDOE.

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FINDING 2024-001

Finding Subject:

Financial Transactions and Reporting

Summary of Finding:

Cash and Investments (Bank Reconciliations)

The School Corporation has not been able to reconcile their bank accounts to the funds ledger since the software conversion in April 2016. Combined bank reconciliations were not performed on a timely basis. The School Corporation reconciled the ledger receipts and disbursements to the bank statement activity each month but had not reconciled the cash balances in the financial records to the bank balances.

* In June 2023 the bank balance was more than the ledger balance by \$316,611 and in June 2024, the bank balance was more than the ledger balance by \$294,333.

*Additionally, the LaPorte MSBC obtained the Ad Valorem Property Tax First Mortgage Bonds, Series 2016 for \$4,000,000 to finance the construction and improvements of school buildings. The School Corporation did not include this account in any bank reconciliations.

Financial Close and Reporting

The School Corporation did not detect or prevent errors on the submission data on the Annual Financial Report (AFR). They implemented controls over the submission of the financial information but the internal control was not effective and did not detect and allow correction of errors prior to submission.

*Clearing fund activity was included in the financial statement; however, the receipts and disbursements included the bank to bank transfers within the fund as receipts and disbursements. As a result, receipts and disbursements for year ending June 30, 2023 were overstated by \$23,668,545 and \$24,031,104. In the year ending June 30, 2024, the receipts and disbursements were overstated by \$41,080,380 and \$41,080,094.

*The LaPorte MSBC obtained the Ad Valorem Property Tax First Mortgage Bonds, Series 2016 for \$4,000,000 to finance the construction and improvements of school buildings. These monies were not recorded in the records of the school corporation and were not reported on the AFR. This resulted in the following variances during the audit period:

*Cash and investments beginning balances were understated \$4,247,578 and \$114,145 at July 1, 2022 and July 1, 2023.

*At June 30, 2023, receipts and disbursements were understated \$80,468 and \$4,2139,901.

*AT June 30, 2024, receipts and disbursements were understated \$1,837 and \$115,982.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Cash and Investments – Bank Reconciliation - We believe that the variance in the bank reconciliation is a timing factor associated with payroll and when they pay out their payroll claims. We will ensure that all payroll claims are paid within the month in which they occurred. We believe that it could take approximately three months in which to see if this rectifies the variance. We have been able to reconcile Bank 3, Bank 5, Bank 15 and Bank 20 in Skyward which makes us believe that Payroll Bank 10 is the issue. Also, all receipts have been reconciled for all five banks. We are currently looking into changing financial software providers and have a scheduled meeting with Boyce Systems on February 26, 2025.

The \$4,000,000 mortgage bond that was not accounted for in our bank reconciliation were not funds that were in our bank. These funds were held in a construction depository account and were expended via the trustee through pay affidavits and back up documentation. Had the \$4,000,000 been wired into our bank account, the proper fund would have been established and all expenditures and interest would have been accounted for in our ledger. In the future, if we have this type of event we will ensure that we obtain the funds and that they are properly recorded.

Financial Close and Reporting – We have included additional steps when completing the AFR to ensure that we do not include bank to bank transfers in the future. The Treasurer will review the AFR that the Deputy Treasurer completes before it is uploaded to Gateway to verify that those transfers are not included in the submission.

Anticipated Completion Date:
August 31, 2025

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FINDING 2024-002

Finding Subject:

Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Summary of Finding:

Lack of Internal Controls in Verifying the SEFA Data Prior to Submission

The School Corporation has not established effective internal controls over the SEFA information entered into Gateway. Due to the lack of internal controls, the SEFA presented the following errors:

*The Special Ed Cluster expenditures were overstated by \$1,015,837 and \$1,264,852 for fiscal years ending June 30, 2023 and June 30, 2024.

*The ESSER fund was overstated by \$998,036 for fiscal year ending June 30, 2023.

*Several other grants had individual errors that resulted in total understatements of expenditures of \$156,189 and \$645,882 for fiscal years ending June 30, 2023 and June 30, 2024.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

In addition to what we have already been doing, the Special Education Co-Op proportionate share will be reviewed by the director of Special Education, the Treasurer and the Deputy Treasurer for accuracy. The Deputy Treasurer, the Treasurer and Assistant Superintendent for Business & Operations (ASBO) will review that LaPorte's portion is the only data we will be reporting on the SEFA. In Mid-August, we will review the Child Nutrition data with the Director of Food Service, the Deputy Treasurer and the ASBO for accuracy. The Federal Award ID numbers will be reviewed by the Treasurer, Deputy Treasurer and ASBO for accuracy before submission. A review of SAM for ALN numbers will be conducted. Prior to submission, the Treasurer, Deputy Treasurer and the ASBO will review the Annual Financial Report in its entirety to ensure accuracy. The data will be compared to the Form 9 and other miscellaneous reports ran with open date ranges within Skyward before signing off on the final report and having it uploaded to Gateway.

Anticipated Completion Date:

August 2025

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FINDING 2024-003

Finding Subject:

Special Education Cluster (IDEA) - Earmarking

Summary of Finding:

Lack of Internal Controls in Place to Ensure the Cooperative Complied with Earmarking Requirements

The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported. The non-public proportionate share expenditures were determined by a percentage to the non-public school budgeted expenditures. Beginning in March 2023, the Cooperative began tracking expenditures by member schools for the non-public services.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Corrective actions have already been taken beginning in March 2023. The Cooperative began tracking expenditures by member schools for the non-public services.

Anticipated Completion Date:

March 2023

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FINDING 2024-004

Finding Subject:

Special Education Cluster (IDEA) – Procurement and Suspension and Debarment

Summary of Finding:

Procurement- Small Purchase

In fiscal year 2023, the Cooperative had five vendors which fell within the small purchase threshold (between \$10,000 and \$150,000). The Cooperative did not obtain quotes or competitive proposals, nor was a circumstance met that would have allowed for a noncompetitive procurement for the purchases. The total amount spent in was \$292,806.

Suspension and Debarment

Verification to verify that contractors and subrecipients are not suspended, debarred, or otherwise under a nonprocurement transaction through SAM was not being completed. Three vendors each fiscal year provided goods or services which equaled or exceeded \$25,000 were selected for testing. The total amount spent on covered transactions was \$266,063 and \$142,639 for fiscal years 2023 and 2024. For all six vendors, the Cooperative did not verify the vendors' suspension and debarment status prior to payment.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Our Special Education Administrative Assistant has already begun checking on SAM for any federal purchases to verify suspension and debarment. She has also been provided with the LaPorte Community School Corporation's Procurement Policy number po6325 and will adhere to those guidelines for any future purchases.

Anticipated Completion Date:

January 2025

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FINDING 2024-005

Finding Subject:

Education Stabilization Fund – Equipment and Real Property Management

Summary of Finding:

The School Corporation's capital asset listing did not include all the required asset information for assets purchased with federal awards. The following information for each asset was not included in the School Corporations capital asset listing: the source of funding for the property (including the federal award identification number (FAIN)), 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.

During the audit period, the School Corporation had improvement projects totaling \$8,022,149 with Education Stabilization Funds (ESF). These assets were not included on the asset listing or physical inventory prepared by the consultant. The School Corporation did not maintain a capital asset listing with the equipment purchased with ESF and could not have conducted a complete physical inventory bi-annually as required and could not properly maintain and safeguard the equipment as required.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

We have contacted our appraisal company and provided documentation to include the HVAC equipment into our next appraisal document update. We anticipate the next official appraisal listing will be in July 2025.

Anticipated Completion Date:

July 2025

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FINDING 2024-006

Finding Subject:

Education Stabilization Fund – Special Tests and Provisions – Wage Rate

Summary of Finding:

The School Corporation did not have adequate policies or procedures to ensure that all construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. The School Corporation had four contracts related to an HVAC project during the audit period that was subject to the wage rate requirements. Three of the four contracts did not have the required prevailing wage rate clause included in the contract.

Contact Person Responsible for Corrective Action:

Greg Hunt

Contact Phone Number:

(219) 362-7056

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The AIA contracts references following the construction manual and the Davis Bacon Law is referenced in the construction manual. In addition, certified payroll was submitted with each pay application to verify prevailing wages was adhered to. If there are any future funded construction projects, LPCSC will ensure that the Davis Bacon Law is sited in the individual contract.

Anticipated Completion Date:

February 14, 2025

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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/>.