

**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

WEST NOBLE SCHOOL CORPORATION

NOBLE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/31/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Fought Andrew McDaniel	07-01-22 to 12-31-24 01-01-25 to 06-30-25
Superintendent of Schools	Galen Mast Dr. Randall Zimmerly (interim) Nathan Lowe	07-01-22 to 12-12-22 12-13-22 to 04-30-23 05-01-23 to 06-30-25
President of the School Board	Joe Hutsell	07-01-22 to 06-30-25



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

TO: THE OFFICIALS OF THE WEST NOBLE SCHOOL CORPORATION, NOBLE 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 West Noble 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 March 25, 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, 2024-002, and 2024-003, 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 2024-002 and 2024-003.

West Noble 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

March 25, 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 WEST NOBLE SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the West Noble 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 and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2022 to June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

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

Basis for Qualified and Unmodified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2024-005 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated March 25, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 25, 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.



WEST NOBLE 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program							
School Breakfast Reimbursement 0800		10.553	FY2023	\$ -	\$ 248,881	\$ -	\$ -
School Breakfast Reimbursement 0800			FY2024	-	-	-	207,137
Total - School Breakfast Program				-	248,881	-	207,137
National School Lunch Program							
National Nutrition Cluster		10.555	FY2023	-	898,337	-	-
National Nutrition Cluster			FY2024	-	-	-	755,845
Commodities			FY2023	-	104,715	-	-
Commodities			FY2024	-	-	-	134,035
Supply Chain Fund 0800			FY2023	-	63,232	-	-
Supply Chain Fund 0800			FY2024	-	-	-	61,190
Total - National School Lunch Program				-	1,066,284	-	951,070
Summer Food Service Program for Children							
Summer Food Service		10.559	FY2023	-	4,657	-	-
Summer Food Service			FY2024	-	-	-	35,355
Total - Summer Food Service				-	4,657	-	35,355
Total - Child Nutrition Cluster				-	1,319,822	-	1,193,562
COVID-19 - Pandemic EBT Administrative Costs							
P-EBT Admin		10.649	FY23	-	3,135	-	-
Total - Department of Agriculture				-	1,322,957	-	1,193,562
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Grants to States for Education of Children with Disabilities Part B Sec. 611		84.027	21611-042-PN01	-	4,671	-	-
Grants to States for Education of Children with Disabilities Part B Sec. 611			22611-042-PN01	-	14,310	-	7,914
Grants to States for Education of Children with Disabilities Part B Sec. 611			23611-042-PN01	-	532,441	-	3,902
Grants to States for Education of Children with Disabilities Part B Sec. 611			24611-042-PN01	-	-	-	524,388
Subtotal - Special Education Grants to States				-	551,422	-	536,204

WEST NOBLE 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
COVID-19 - Special Education Grants to States FY2022 IDEA ARP 611 Grant	Indiana Department of Education	84.027X	22611-042-ARP	-	80,093	-	55,216
Total - Special Education Grants to States				-	631,515	-	591,420
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grants Part B Section 619			21619-042-PN01	-	126	-	-
Special Education Preschool Grants Part B Section 619			22619-042-PN01	-	-	-	69
Special Education Preschool Grants Part B Section 619			23619-042-PN01	-	18,207	-	-
Special Education Preschool Grants Part B Section 619			24619-042-PN01	-	-	-	18,127
Subtotal - Special Education Preschool Grants				-	18,333	-	18,196
COVID-19 - Special Education Preschool Grants FY2022 IDEA ARP 619 Grant	Indiana Department of Education	84.173X	22619-042-ARP	-	6,829	-	3,272
Total - Special Education Preschool Grants				-	25,162	-	21,468
Total - Special Education Cluster (IDEA)				-	656,677	-	612,888
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I SY 21/22			S010A210014	-	60,878	-	-
Title I SY 23/24			S010A230014	-	-	-	209,446
Title I SY 22/23			S010A220014	-	193,847	-	194,667
Total - Title I Grants to Local Educational Agencies				-	254,725	-	404,113
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III SY 21/22			S365A200014	-	69,436	-	10,834
Title III SY 17/18			S365A210014	-	8,283	-	53,331
Title III SY 15/16			S365A220014	-	-	-	18,174
Total - English Language Acquisition State Grants				-	77,719	-	82,339
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA SY 21/22			S367A200013	-	12,081	-	-
Title IIA SY 18/19			S367A210013	-	50,168	-	6,009
Title IIA SY 16/17			S367A230013	-	-	-	8,014
Title IIA SY 23/24			S367A220013	-	-	-	54,379
Total - Supporting Effective Instruction State Grants				-	62,249	-	68,402

WEST NOBLE 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
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV SY 21/22			S424A200015	-	-	-	24,098
Title IV SY 22/23			S424A210015	-	11,560	-	17,301
Title IV SY 23/24			S424A220015	-	-	-	3,365
Total - Student Support and Academic Enrichment Program				-	11,560	-	44,764
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Education Stabilization Fund		84.425D	S425D210013	-	379,225	-	649,228
American Rescue Plan - Elementary and Secondary Emergency Relief Fund		84.425U	S425U210013	-	1,567,500	-	728,386
83894 ARP HCY II		84.425W	S425W210015	-	-	-	7,070
Total - COVID-19 - Education Stabilization Fund				-	1,946,725	-	1,384,684
Total - Department of Education				-	3,009,655	-	2,597,190
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement - MAC			INMAC	-	3,994	-	4,856
Total - Medicaid Cluster				-	3,994	-	4,856
Total - Department of Health and Human Services				-	3,994	-	4,856
Total federal awards expended				-	4,336,606	-	3,795,608

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Northeast Indiana Special Education Cooperative

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

Note 4. West Noble Consortium

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

WEST NOBLE 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?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2024-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation designed an internal control system that separated incompatible activities related to financial close and reporting; however, there was no evidence to support the internal control system was implemented during the audit period. One School Corporation employee would prepare the Annual Financial Report financial data, entered into the Indiana Gateway for Government Units financial reporting system, which is the source of the School Corporation's financial statement, but there was no evidence that a review of the financial data was performed by a separate employee.

Criteria

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

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

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

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

Cause

Management of the School Corporation was unaware of the need to maintain evidence of the internal control system implementation over financial close and reporting.

Effect

Without evidence that the internal control system was implemented, management of the School Corporation could not monitor the design and effectiveness of the internal control system.

Views of Responsible Officials

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

FINDING 2024-002

Subject: 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.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation did not establish effective internal controls over cash and investments.

Reconciliations provided for audit were generated from the accounting system; however, the reconciled cash accounts in the system did not materially agree with the fund balances. As of June 30, 2023, and June 30, 2024, there was an unidentified variance between the reconciled bank account balances and the financial statement fund balances of \$28,752 and \$19,706, respectively.

Criteria

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

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

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

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

Indiana Code 5-13-6-1(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)

Cause

Management of the School Corporation did not established an effective internal control system over cash and investments that would have ensured accurate and complete posting of financial transactions and financial reporting.

Effect

Without an effective internal control system, misstatements or irregularities related to financial transactions and reporting remained undetected.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2024-003

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

Repeat Finding

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

Condition and Context

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

The School Corporation filed its reports as prescribed; however, there was no evidence to support internal controls were implemented over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

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

- The School Breakfast Program was omitted, which understated expenditures by \$248,881 and \$207,137 for fiscal years 2022-2023 and 2023-2024, respectively.
- The National School Lunch Program expenditures were understated by \$961,569 and overstated by \$404,417 for 2022-2023 and 2023-2024, respectively.
- The Title I Grants to Local Educational Agencies expenditures were overstated by \$151,359 for 2022-2023.
- The COVID-19 - Education Stabilization Fund expenditures were overstated by \$400,000 and \$724,478 for 2022-2023 and 2023-2024, respectively.
- The Medical Assistance Program expenditures were overstated by \$100,721 and understated by \$2,695 for 2022-2023 and 2023-2024, respectively.
- Two additional federal grants had individually immaterial omissions that resulted in an understatement of expenditures of \$7,792 in total for 2022-2023. Four additional federal grants had individually immaterial errors or omissions that resulted in an understatement of expenditures of \$24,451 in total for 2023-2024.
- Other errors included incorrect program names, pass-through entities, and identifying numbers.

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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 § 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.

WEST NOBLE 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."

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

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

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

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

Cause

One employee compiled and entered the information for the SEFA into the Annual Financial Report; however, there was no evidence that a review process was implemented in order to detect and correct material errors.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-004

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2023, FY2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

Any child enrolled in a participating school who meets the applicable program's definition of "child," may receive meals under the applicable programs. A child belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at a reduced price. Children that have been determined ineligible for free or reduced-price meals pay the full price for their meals. A child's eligibility for free and reduced-priced meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnished such information as family income and family size. The School Corporation determines eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Annual eligibility determinations may also be based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program, or, under most circumstances, the TANF program. A household may furnish documentation if its participation in one of those programs, or the School Corporation may obtain the information directly from the State or local agency that administers those programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application.

Annually, the School Corporation obtained a Direct Certifications file from the CNC Web Portal and uploaded the file into the School Corporation's software without a documented oversight or review process in place to ensure directly certified students were properly processed.

The lack of internal controls over directly certified students was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

WEST NOBLE 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). . . ."

Cause

A proper system of internal controls, which would include segregation of key functions, was not implemented by management of the School Corporation over directly certified students. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

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: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: COVID-19 - Special Education Grants to States,
COVID-19 - Special Education Preschool Grants
Assistance Listings Numbers: 84.027X, 84.173X
Federal Award Numbers and Years (or Other Identifying Numbers): 22611-042-ARP, 22619-042-ARP
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

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

Procurement

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

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

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

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

Suspension and Debarment

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

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

(2) *Small purchases* —

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person as 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 SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Without following the required methods for procurement, the Cooperative could be overpaying for services. Unverified vendors to whom payments equal to or in excess of \$25,000 could be suspended, debarred, or otherwise excluded.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2024-006

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

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. The School Corporation was required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder and excel files. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period, the School Corporation submitted one ESSER I Annual Data Report, two ESSER II Annual Data Reports, and two ESSER III Annual Data Reports, for a total of five reports. There was no documented evidence provided for audit that supported an oversight or review process was in place to prevent, and detect and correct, errors on the five reports. Of the five reports tested, two contained the following errors:

ESSER II, Year 3 Annual Data Report

- Key line items "Addressing Physical Health and Safety Uses: Personnel Services - Benefits" and "Addressing Physical Health and Safety Uses: Supplies" were understated by \$19,243 and \$664,540, respectively.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Expenses for the report, which covered the period of July 1, 2022 to June 30, 2023, totaled \$1,002,932; however, the ledger had total expenses for the award, for that period, of \$817,390.

ESSER III, Year 3 Annual Data Report

- Key line items "Mandatory Subgrant Funds - Exclusive of Learning Loss Set-Aside - Mental Health Supports for Students and Staff Uses: Personnel Services - Salaries" and "Mandatory Subgrant Funds - Learning Loss Set-Aside - Mental Health Supports for Students and Staff Uses: Personnel Services - Benefits" were overstated by \$46,500 and \$3,500, respectively.
- Expenses for the report, which covered the period of July 1, 2022 to June 30, 2023, totaled \$2,072,695; however, the ledger had total expenses for the award, for that period, of \$2,074,793.

The lack in internal controls was systemic throughout the audit period. The noncompliance was isolated to fiscal year 2023-2024.

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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Due to staffing changes, the documentation for an oversight and review process was not identified and presented for audit. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, errors on reports remained undetected and uncorrected. Noncompliance with the grant agreement and the compliance requirement could result in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish effective internal controls to ensure compliance and comply with the grant agreement and the Reporting 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.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
Joe Hutsell, President
Joe Saggars, Vice President
John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

SUMMARY SCHEDULE FOR PRIOR AUDIT FINDINGS

FINDING 2022-01

Fiscal year in which the finding initially occurred: 2021

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

Finding Subject: Financial Transactions and Reporting

Status of Audit Finding:

Not Corrected.

Response Comments:

At this time, some contact has been made with eFinance Plus regarding the inability to reconcile the corporation bank statements to the general ledger. At this time, however, additional steps need to be taken to resolve the issue. Two out of the three bank accounts are successfully reconciling. We will continue to work on reconciling the third bank account, the Lake City Bank Corporation Account.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-02

Fiscal year in which the finding initially occurred: 2021

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

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

Status of Audit Finding:
Not Corrected

Response Comments:

The Food Service Director and Title I Director will continue to review the information to be entered on the SEFA report and review the information before the SEFA report is submitted.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-03

Fiscal year in which the finding initially occurred: 2021

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

Finding Subject: Child Nutrition Cluster - Procurement

Status of Audit Finding: Corrected

Response Comments:

The Food Service Director and Maintenance Director communicate regarding quotes to be obtained for kitchen repairs.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
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John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

SUMMARY SCHEDULE FOR PRIOR AUDIT FINDINGS

FINDING 2022-04, FINDING 2020-004, and FINDING 2018-005

Fiscal year in which the finding initially occurred: 2017

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

Finding Subject: Special Education Cluster (IDEA) - Earmarking

Status of Audit Finding:

Corrected

Response Comments:

West Noble School Corporation continues to collaborate and communicate with the Northeast Indiana Special Education Cooperative with regard to internal controls.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
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John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Financial Transactions and Reporting - Financial Statement

Contact Person Responsible for Corrective Action: Andrew McDaniel, Chief Financial and Operations Officer

Contact Phone Number and Email Address: 260.894.3191 and mcdaniela@westnoble.k12.in.us

Views of Responsible Officials:

We Concur with the Finding

Description of Corrective Action Plan:

The Chief Financial and Operations Officer will review the Annual Financial Report, including the financial statement, with the Superintendent and get a signature indicating review and approval of the report.

Anticipated Completion Date:

This Corrective Action Plan will begin for the January 2025 report.

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
Joe Hutsell, President
Joe Saggars, Vice President
John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject: Financial Transactions and Reporting - Cash and Investments

Contact Person Responsible for Corrective Action: Andrew McDaniel, Chief Financial and Operations Officer
Contact Phone Number and Email Address: 260.894.3191 and mcdaniela@westnoble.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The CFOO is responsible for reconciling three accounts at the corporation level: 8400 School Lunch Pre-Paid, 1100 Self-Insurance, and the Corporation Account. Two of the three accounts have balanced reconciliations. However, the Corporation Account has had reconciliation issue dating back to the 2018-2020 audit. This time period coincides with the transition to eFinance Plus, the school's financial software.

The CFOO plans to meet with representatives of eFinance Plus to review the procedures for transition to that program to ascertain if there is an issue with the initial implementation that is affecting bank reconciliations. Additionally, if this meeting does not resolve the reconciliation issue, the school may contract with an outside consultant to ascertain the source of the reconciliation issue.

Anticipated Completion Date:

January 1, 2026

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
Joe Hutsell, President
Joe Saggars, Vice President
John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-003

Finding Subject: Preparation of the SEFA

Contact Person Responsible for Corrective Action: Andrew McDaniel, Chief Financial and Operations Officer
Contact Phone Number and Email Address: 260.894.3191 and mcdaniela@westnoble.k12.in.us

Views of Responsible Officials:

We concur with the Finding.

Description of Corrective Action Plan:

The Food Service Director and Title I Director will review the information to be entered on the SEFA report and review the information before the SEFA report is submitted by the Chief Financial Operations Officer.

Anticipated Completion Date:

September 30, 2025

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
Joe Hutsell, President
Joe Saggars, Vice President
John Schwartz, Secretary
Catrina Miller, Member
Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-004

Finding Subject: Child Nutrition Cluster--Eligibility

Contact Person Responsible for Corrective Action: Deb Rodriguez, Food Service Director
Contact Phone Number and Email Address: 260.894.3191 and rodriguezd@westnoble.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Food Service Director will review the directly certified student list from the state and verify that is correctly entered into the school's software. The Chief Financial Officer will review the list from the state and review the list that is inputted into the school's software to ensure accuracy.

Anticipated Completion Date:

September 30, 2025

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

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Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-005

Finding Subject: SPECIAL EDUCATION CLUSTER (IDEA) – PROCUREMENT AND SUSPENSION AND DEBARMENT

Summary of Finding:

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States; Special Education Preschool Grants
Assistance Listings Numbers: 84.027; 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 22611-042-ARP; 22619-042-ARP Pass-Through
Entity: Indiana Department of Education
Compliance Requirement(s): Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Dawn Mason, Business Manager, DeKalb Co. Eastern CSD
Contact Phone Number and Email Address: 260-868-2125; Andrew McDaniel, Chief Financial and Operations Officer, West Noble School Corporation, 260-894-3191, mcdaniela@westnoble.k12.in.us

Views of Responsible Officials:

We concur with the findings.

Description of Corrective Action Plan:

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

Reference Procurement Standards 2 CFR 200.318

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

1. Checking the System for Award Management (SAM) (www.SAM.gov)
2. Collecting a certificate from that contractor.

3. Adding a clause or condition to the covered transaction with that contractor. *(Recommended)*

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

Methods of Procurement

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

Informal Procurement Procedures

1. Micro-purchase (0-\$50,000)
Dekalb County Eastern CSD has self-certified micro-purchases for up to \$50,000
Micro-purchases may be awarded without soliciting competitive quotes if the district considers the price to be reasonable. Quotes must be attached to the invoice/checks for proper documentation and retained by the LEA.
2. Small Purchase (\$50,000 – \$150,000)
Three quotes are required prior to purchase unless the purchase comes from a “Sole Source” vendor. Small purchases are required to be ordered under a purchase order unless in an emergency. Additional quotes must be presented along with the purchase order prior to being approved by the LEA.

Formal Procurement Procedures

1. Sealed Bids (above \$150,000)
Bids must be solicited from an adequate number of suppliers, providing them with sufficient response time prior to the opening of the bids. Proper advertisement and procedures must be followed per IC 5-22 and corresponding documentation must be presented to the LEA prior to any final approval or purchases being made.
2. Competitive Proposals (above \$150,000)
The Request for Proposal method is used for procurements in which factors other than cost play a significant role. Per IC 5-22-9, when a purchasing agent makes a written determination that the use of competitive sealed bidding is either not practicable or not advantageous to the governmental body, the purchasing agent may award a contract using this procedure instead of competitive sealed bidding. This provides a formal process for the procurement of goods and/or services for which price is not the sole factor in the selection of a vendor or vendors. Proper advertisement and procedures must be followed per IC 5-22 and corresponding documentation must be presented to the LEA prior to any final approval or purchases being made.

Noncompetitive (Sole Source)

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

Anticipated Completion Date:

All expenditures initiated after March 12, 2025

West Noble School Corporation

DR. NATHAN LOWE, Superintendent
SARAH WILSON, Curriculum Director

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Laura Shearer, Member
Jeremy Brown, Member
Parrish Kruger, Member

CORRECTIVE ACTION PLAN

FINDING 2024-006

Finding Subject: Education Stabilization Fund--Reporting

Contact Person Responsible for Corrective Action: Andrew McDaniel, Chief Financial and Operations Officer
Contact Phone Number and Email Address: 260.894.3191 and mcdaniela@westnoble.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Chief Financial Operations Officer will prepare the reports and have the Curriculum Director review for accuracy.

Anticipated Completion Date:

July 1, 2026

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/>.