

**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

BLACKFORD COUNTY SCHOOLS

BLACKFORD COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/25/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie Dodd	07-01-22 to 06-30-25
Superintendent of Schools	Chad Yencer	07-01-22 to 06-30-25
President of the School Board	Philip Jones	07-01-22 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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 BLACKFORD COUNTY SCHOOLS, BLACKFORD 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 Blackford County Schools (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 13, 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 item 2024-002.

Blackford County Schools' 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 13, 2025



Paul D. Joyce, CPA
State Examiner

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ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Blackford County Schools' (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 COVID-19 - Education Stabilization Fund

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 COVID-19 - Education Stabilization Fund 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 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 and 2024-006 for Allowable Costs/Cost Principles, Activities Allowed or Unallowed, and Reporting. Compliance with such requirements 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 items 2024-003 and 2024-004. 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 2024-003, 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 13, 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 13, 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.



BLACKFORD COUNTY SCHOOLS
 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					
			FY23	\$ -	\$ 261,914	\$ -	\$ -
			FY24	-	-	-	212,703
				<u>-</u>	<u>261,914</u>	<u>-</u>	<u>212,703</u>
Total - School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY23	-	935,926	-	-
School Lunch Program			FY24	-	-	-	795,033
Commodities			FY23	-	69,540	-	-
Commodities			FY24	-	-	-	88,472
				<u>-</u>	<u>1,005,466</u>	<u>-</u>	<u>883,505</u>
Total - National School Lunch Program							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY23	-	1,676	-	-
			FY24	-	-	-	957
				<u>-</u>	<u>1,676</u>	<u>-</u>	<u>957</u>
Total - Summer Food Service Program for Children							
Total - Child Nutrition Cluster				<u>-</u>	<u>1,269,056</u>	<u>-</u>	<u>1,097,165</u>
COVID-19 - Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
			FY23	-	628	-	-
				<u>-</u>	<u>628</u>	<u>-</u>	<u>-</u>
Total - Department of Agriculture				<u>-</u>	<u>1,269,684</u>	<u>-</u>	<u>1,097,165</u>
<u>Department of Defense</u>							
ROTC Language and Culture Training Grants	Direct Grant	12.357					
			FY23	-	69,151	-	-
			FY24	-	-	-	72,578
				<u>-</u>	<u>69,151</u>	<u>-</u>	<u>72,578</u>
Total - ROTC Language and Culture Training Grants							
Total - Department of Defense				<u>-</u>	<u>69,151</u>	<u>-</u>	<u>72,578</u>

BLACKFORD COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027A					
			22611-008-PN01	-	31,604	-	-
			23611-008-PN01	-	412,021	-	91,092
			24611-008-PN01	-	-	-	280,761
			H027A220084	-	-	-	4,495
				<u>-</u>	<u>443,625</u>	<u>-</u>	<u>376,348</u>
Subtotal - Special Education Grants to States							
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027X					
			22611-008-ARP	-	23,577	-	55,509
				<u>-</u>	<u>23,577</u>	<u>-</u>	<u>55,509</u>
Total - Special Education Grants to States							
				<u>-</u>	<u>467,202</u>	<u>-</u>	<u>431,857</u>
Special Education Preschool Grants	Indiana Department of Education	84.173A					
			23619-008-PN01	-	31,343	-	-
			24619-008-PN01	-	-	-	31,554
				<u>-</u>	<u>31,343</u>	<u>-</u>	<u>31,554</u>
Subtotal - Special Education Preschool Grants							
				<u>-</u>	<u>31,343</u>	<u>-</u>	<u>31,554</u>
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X					
			22619-008-ARP	-	4,766	-	1,150
				<u>-</u>	<u>4,766</u>	<u>-</u>	<u>1,150</u>
Total - Special Education Preschool Grants							
				<u>-</u>	<u>36,109</u>	<u>-</u>	<u>32,704</u>
Total - Special Education Cluster (IDEA)							
				<u>-</u>	<u>503,311</u>	<u>-</u>	<u>464,561</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			FY22	-	40,132	-	-
			FY23	-	441,289	-	45,451
			FY24	-	-	-	420,648
				<u>-</u>	<u>481,421</u>	<u>-</u>	<u>466,099</u>
Total - Title I Grants to Local Educational Agencies							

BLACKFORD COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
			S367A210013	-	2,755	-	-
			S367A220013	-	55,278	-	24,134
			S367A230013	-	-	-	77,480
				-	58,033	-	101,614
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	58,033	-	101,614
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
			S424A220015	-	31,707	-	-
			S424A230015	-	-	-	39,188
				-	31,707	-	39,188
Total - Student Support and Academic Enrichment Program				-	31,707	-	39,188
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
2021 Elementary and Secondary School Emergency Relief Fund		84.425D	S425D210013	-	663,739	-	55,669
2021 American Rescue Plan Elementary and Secondary School Emergency Relief		84.425U	S425U210013	-	1,456,923	-	1,147,338
				-	2,120,662	-	1,203,007
Total - COVID-19 - Education Stabilization Fund				-	2,120,662	-	1,203,007
Total - Department of Education				-	3,195,134	-	2,274,469
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
			FY23	-	114,206	-	-
			FY24	-	-	-	138,363
				-	114,206	-	138,363
Total - Medical Assistance Program				-	114,206	-	138,363
Total - Medicaid Cluster				-	114,206	-	138,363
Total - Department of Health and Human Services				-	114,206	-	138,363
Total federal awards expended				\$ -	\$ 4,648,175	\$ -	\$ 3,582,575

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

BLACKFORD COUNTY SCHOOLS
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. Delaware Blackford Special Education Cooperative

The School Corporation is a member of the Delaware Blackford 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.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Unmodified
84.425	Title I Grants to Local Educational Agencies	Unmodified
	COVID-19 - Education Stabilization Fund	Qualified

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

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

FINDING 2024-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

Disbursements

The internal controls in place over the School Corporation's payroll disbursements were not properly implemented. There was no documented review of the payroll detail to prevent or detect errors in payroll.

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. Due to the lack of an effective internal control system, immaterial errors remained undetected.

The lack of internal controls was a systemic issue throughout the audit period.

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 5-11-1-4(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](#)."

Cause

Management had not established a proper system of internal controls over payroll disbursements and financial close and reporting.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Effective internal controls had not been properly designed or implemented to ensure proper payroll disbursements. Internal control deficiencies also contributed to the immaterial errors in the financial information reported in the AFR.

Views of Responsible Officials

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

FINDING 2024-002

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

Repeat Finding

This is a repeat finding from the immediately 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 into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the 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 effective internal controls, the SEFA presented for audit included the following errors:

- The Child Nutrition Cluster commodities were omitted, which understated expenditures by \$69,540 and \$88,472 for fiscal years 2022-2023 and 2023-2024, respectively.
- The National School Lunch Program was understated by \$82,176 and \$46,633 for 2022-2023 and 2023-2024, respectively.
- The COVID-19 - Pandemic EBT Administrative Costs program was omitted, which understated expenditures by \$628 for 2022-2023.
- The Special Education Grants to States was overstated by \$10,426 for 2022-2023 and understated by \$30,483 for 2023-2024.
- The Medical Assistance Program was omitted, which understated expenditures by \$114,206 and \$138,363 for 2022-2023 and 2023-2024, respectively.
- State grants were included in error, resulting in an overstatement of expenditures of \$24,946 for 2023-2024.
- Other errors included incorrect program names and identifying numbers.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . .

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. . . ."

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. . . ."

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

Cause

Management of the School Corporation was not aware that commodities and Medicaid distributions were to be included in the financial statement or how to determine special education distributions and included a state grant in error.

Effect

Without a proper system of internal control in place that operates effectively, 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.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
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 Number and Year (or Other Identifying Number): FY23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

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 in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement; however, it was not effective.

The School Corporation was approved for an indirect cost rate for fiscal year 2021-2022 in order to allocate indirect costs to the School Corporation's Cafeteria fund. However, the School Corporation did not charge these indirect costs within the appropriate time frame. Indirect costs for 2021-2022 in the amount of \$26,793 was not charged to the Cafeteria fund until September 2022. Per USDA guidance, it is unallowable to bill the National School Food Service Account (NSFSA) for indirect costs that were paid from the general fund in prior years unless an agreement exists to show that the district had been "loaning" the NSFSA funds to cover the indirect costs in one or more prior years. The School Corporation did not have an interfund loan agreement in place. Therefore, the amounts were considered questioned costs.

The lack of effective internal controls and noncompliance were isolated to the indirect costs noted above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

USDA Indirect Costs, Guidance for State Agencies & School Food Authorities states in part:

". . . It is unallowable to bill the NSFSA for indirect costs that were paid from the general fund in prior years unless an agreement exists to show that the district had been 'loaning' the NSFSA funds to cover the indirect costs in one or more prior years. . . . There is no Federal requirement that prohibits an SFA from charging its internal fiscal policy regarding the recovery of indirect costs by those organizational units within the SFA that actually incur costs. Absent a documented 'inter-fund loan' as outlined above, however, an SFA may only change its policy to charge the NSFSA for indirect costs prospectively (that is going forward for the next school year.)

It is unallowable to bill the NSFSA for indirect costs that were previously paid from the general fund unless an agreement exists to show that the district had been 'loaning' the NSFSA funds to cover the indirect costs in one or more prior years. . . ."

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:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

Cause

Management was not aware of the requirements before the transfer was made in September 2022.

Effect

The failure to establish an effective system of internal controls enabled noncompliance to go undetected and resulted in the School Corporation charging indirect costs that were not allowable.

Questioned Costs

Known questioned costs of \$26,793 were identified as noted in the *Condition and Context*.

Recommendation

Management of the School Corporation should develop written policies and procedures to ensure that indirect costs are properly determined and paid in the appropriate fiscal year.

Views of Responsible Officials

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2024-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY23, FY24
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not verify that one restaurant supplies vendor with a contract over \$25,000 for both fiscal years 2022-2023 and 2023-2024 was not excluded or disqualified from participation in federal award programs.

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 180.300 states:

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

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

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation was unaware that all vendors who received more than \$25,000 during the school year had to be verified.

Effect

The failure to establish an effective system of internal controls enabled noncompliance to go undetected. As a result, the School Corporation did not verify all necessary vendors were not suspended or debarred. Without following the required methods for suspension and debarment, the Cooperative could be paying vendors who are precluded from receiving federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

Management of the School Corporation should develop written policies and procedures to ensure vendors are not suspended or debarred.

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 - Allowable Costs/Cost Principles and Activities Allowed or Unallowed
Federal Agency: Indiana 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 Requirements: Allowable Costs/Cost Principles, Activities Allowed or Unallowed
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The COVID-19 - Education Stabilization Fund (ESF), established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) and the American Rescue Plan (ARP) Act, was for the purpose of preventing, preparing for, or responding to the novel coronavirus.

A sample of 40 vendor and payroll disbursements that were charged to the ESF grant for which reimbursement was received during the audit period was selected for testing to verify the expenditures were in conformance with the applicable allowable cost principles. Of the 40 disbursements tested, 4 payroll disbursements for accelerated learning were approved, but the School Corporation could not provide documentation to show where the governing board approved their rate of pay.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

In addition, there was a transfer from the ESSER II - Cares grant fund to the Education fund for \$117,177 to reimburse that fund for expenses on June 20, 2024. The School Corporation was unable to provide documentation for the expenses that were reimbursed to ensure they were for allowable activities and allowable costs.

The ineffective internal controls were a systemic issue 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 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

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:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles and the Activities Allowed or Unallowed compliance requirements. Management was not aware that they should have only been reimbursed for expenditures made out of the ESF funds or should have moved the expenditures and retained proper documentation to support what expenditures tied to what was reimbursed. It was noted that the accelerated learning rate of pay was discussed at a School Board meeting, but the approved wage rates were not documented in the School Board minutes or on any sort of salary schedule approved by the School Board members.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to design and implement an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Cost/Cost Principles and the Activities Allowed or Unallowed compliance requirements could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There was a total of \$173,841 of questioned costs as referenced under the *Condition and Context*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure only allowable activities and allowable costs are charged to grants funds and to ensure grant money is only requested for reimbursement for monies directly related to the grant program.

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: Indiana 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: Reporting
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 2022-010.

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 Reporting compliance requirement. Even though the reports were reviewed by someone other than the preparer, the School Corporation was not able to provide financial information that was used to determine amounts used in the reports.

The School Corporation completed and submitted four annual Data Collection reports (Reports) for the Elementary and Secondary School Emergency Relief (ESSER) grants. For all four of the Reports, the School Corporation was unable to provide financial information to support the amounts in the Reports; therefore, the Indiana State Board of Accounts could not determine the accuracy of the Reports. Additionally, eight of eight key line items selected for testing could not be verified to the financial records.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

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

Cause

According to the School Corporation, these issues were due to the reporting differences of how the annual expenditure report categories are different than the annual Data Collection reports. The School Corporation indicated that it had to go employee by employee to properly place them under the correct category using the reimbursement requests but did not retain that documentation of how it came to the numbers.

Effect

The failure to design and implement an effective internal control system enabled noncompliance to go undetected with the Reporting compliance requirement.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish effective internal controls to ensure reports submitted are accurate and have supporting documentation.

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.



Blackford County Schools

0668 West 200 South

Hartford City, IN 47348

765.348.7550

www.bcs.k12.in.us

Chad Yencer | Superintendent

David Parker | Asst. Superintendent

Dr. James Trinkle II | Special Services Coordinator

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001 and 2020-001

Fiscal year in which the finding initially occurred: Fiscal Year 2018

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Internal controls were either not in place or not effective for the following significant audit areas: receipts and financial close and reporting.

Status of Audit Finding:

Partially Corrected - Implemented corrective action plan for receipts, which corrected a part of the issue, but we did not properly document our implemented internal controls for the financial close and reporting in the compilation of the AFR.

Response Comments:

BCS has worked to correct these issues in the current audit period and believe we are compliant.

FINDING 2022-002 and 2020-002

Fiscal year in which the finding initially occurred: Fiscal Year 2018

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

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

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Summary of Finding:

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the 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.

Status of Audit Finding:

Not Corrected

Response Comments:

We did have a review of the documents to create the AFR, however we did fail to have signoff as we described in the CAP. Moving forward we will implement procedures according to the CAP and gain sign offs on review.

FINDING 2022-003

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

Finding Subject: Child Nutrition Cluster – Allowable Costs/Costs Principles

Summary of Finding:

An effective internal control system was in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation was approved for an indirect cost rate for fiscal years 2018-2019 and 2019-2020 in order to allocate indirect costs to the School Corporation's Cafeteria fund. However, the School Corporation did not charge these indirect costs within the appropriate time frame. Indirect costs for 2018-2019 and 2019-2020 in the amount of \$15,717 and \$17,456, respectively, were not charged to the Cafeteria fund until March 2021. Per USDA guidance, it is unallowable to bill the National School Food Service Account (NSFSA) for indirect costs that were paid from the general fund in prior years unless an agreement exists to show that the district had been "loaning" the NSFSA funds to cover the indirect costs in one or more prior years. The School Corporation did not have an inter-fund loan agreement in place. As such the amounts were considered questioned costs. The lack of internal controls and noncompliance were isolated to the indirect costs noted above.

Status of Audit Finding:

Partially Corrected - once the district became aware of the improper application of the indirect cost rates from the previous audit, we discontinued applying the indirect cost. However it had already occurred in the current audit window, leading to this finding. We are no longer applying indirect costs to the cafeteria.

Response Comments:

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This was a singular event related to improperly applying the indirect cost rate, and BCS no longer uses indirect costs in Child Nutrition.

FINDING 2022-004

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

Finding Subject: Child Nutrition Cluster – Reporting

Summary of Finding:

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 Reporting compliance requirement. Monthly Sponsor Claims for Reimbursement (Claims) were submitted to the Indiana Department of Education (IDOE) based upon meals served for the month. The Claims were prepared by the Food Service Manager without an oversight or review process in place to prevent, or detect and correct, errors. The lack of internal controls was a systemic issue throughout the audit period.

Status of Audit Finding:

Corrected - BCS implemented the corrective action plan developed at the close of the last audit, correcting the issue.

Response Comments:

FINDING 2022-005 and 2020 - 004

Fiscal year in which the finding initially occurred: Fiscal Year 2020

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

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

Summary of Finding:

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 Procurement and Suspension and Debarment compliance requirement. Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micropurchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. The School Corporation did not obtain price or rate quotes for six vendors tested that were less than the simplified acquisition threshold of \$150,000 but exceeded the \$10,000 micro-purchase threshold. The micro-purchase threshold may be increased, but the School Corporation did not provide documentation that the threshold had been increased.

Status of Audit Finding:

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Partially Corrected - BCS adhered to the corrective action plan, however the internal control did not prevent noncompliance with suspension and debarment.

Response Comments:

BCS has implemented this procedure to ensure SAM is checked before spending federal funds.

FINDING 2022-006

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

Finding Subject: Title I Grants to Local Educational Agencies – Eligibility

Summary of Finding:

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 Eligibility compliance requirement. Eligibility for Title I funding for the School Corporation was determined through the Textbook Rental Application process. During the audit period, one employee entered the determinations in the School District's software system by uploading Direct Certification reports from the state or manually entering Textbook Rental Assistance Applications into the software system. There was not a documented oversight or review process in place to prevent, or detect and correct, errors. The lack of internal controls was a systemic issue throughout the audit period.

Status of Audit Finding:

Corrected

Response Comments:

We no longer charge Textbook fees, but we did follow this CAP until Textbook fees were eliminated.

FINDING 2022-007

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

Finding Subject: Title I Grants to Local Educational Agencies – Earmarking

Summary of Finding:

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 Matching, Level of Effort, Earmarking compliance requirement. Officials of the School Corporation did not properly monitor the Homeless set-aside to ensure amounts were tracked for those students designated as homeless. For the Title I grant years FY19 and FY20, the entire Homeless set-aside of \$1,632 and \$550, respectively, was not spent. In addition, the set asides were not carried forward for subsequent year expenses. The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Status of Audit Finding:

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Corrected

Response Comments:

BCS has implemented the procedures outlined in the CAP to correct this error.

FINDING 2022-008

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

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

Summary of Finding:

An effective internal control system was not designed nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement. Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts, subject to the Wage Rate Requirements, a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed. The School Corporation was not aware of the Wage Rate Requirements when it entered into agreements with two contractors providing services on HVAC projects. The necessary provision was included in both of the contracts; however, a copy of the certified payrolls was not provided to the School Corporation on a weekly basis as work was performed. The School Corporation received certified payrolls when the contractors sent them an invoice for payment.

Status of Audit Finding:

Corrected

Response Comments:

All federal work completed is now vetted for this requirement

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FINDING 2022-009

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

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

Summary of Finding:

(Note: Describe the audit finding and recommendations)

An effective internal control system was not designed properly at the School Corporation to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement. A property record or capital asset listing, which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property, is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold. The School Corporation does not have a current capital asset listing that includes new equipment or real property that was purchased during the audit period. The capital asset listing is only updated every two years when the physical inventory takes place. An asset purchased during the audit period in the amount of \$72,221, from the ESSER II award, was not included in the School Corporation's capital asset listing or a property record. The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Status of Audit Finding:

Corrected - BCS implemented the corrective action plan developed at the close of the last audit, correcting the issue.

Response Comments:

FINDING 2022-010

Fiscal year in which the finding initially occurred: Fiscal Year 2022

Current Audit Period: Fiscal Year 2023 and Fiscal Year 2024

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

Summary of Finding:

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 Reporting compliance requirement. The School Corporation completed and submitted four annual Data Collection reports (Reports) for the Elementary and Secondary School Emergency Relief (ESSER) grants. For three of the four Reports tested, the Reports were not supported by the unit's records. The financial information provided did not agree to

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the data submitted in the Reports; therefore, we could not determine the accuracy of the Reports. Additionally, seven of seven key line items selected for testing could not be traced to supporting documentation. The lack of internal controls and noncompliance were systemic issues throughout the audit period.

Status of Audit Finding:

Not Corrected.

Response Comments:

BCS has implemented the CAP. During the audit period we are aware of an error that occurred when a teacher was accidentally claimed and should not have been for ESSER. We have remedied that error but it was after the close of the audit period.

Blackford County Schools

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Hartford City, IN 47348
765-348-7550

Chad Yencer
Superintendent

Educating Students, Changing the World "

Dr. James Trinkle II
Special Services Coordinator

David Parker
Assistant Superintendent



CORRECTIVE ACTION PLAN

FINDING 2024-001

Subject: Financial Transactions and Reporting

Audit Findings: Material Weakness, Noncompliance

Contact Person Responsible for Corrective Action: Chad Yencer, Superintendent and Julie Dodd, Treasurer

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding by the auditor

Description of Corrective Action Plan:

Disbursements:

Internal Controls for Disbursements: BCS will modify its monthly claim docket that is presented to the board to have individual payroll details including check amounts and dates and the individual employees name, as well as the check number.

Financial Reporting and Closing:

Internal Controls for the Annual Financial Report: The BCS Treasurer shall compile all requisite information for the Annual Financial Report. This report, inclusive of the Financial Statement, shall be reviewed subsequently by the Superintendent, prior to submission to Gateway. The Superintendent shall affix their signature to all compiled reports before submission. The BCS Treasurer shall maintain backup copies of all work products utilized in the compilation of the AFR.

Anticipated Completion Date: May 2024

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CORRECTIVE ACTION PLAN

FINDING 2024-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Finding: Material Weakness; Noncompliance

Contact Person Responsible for Corrective Action: Chad Yencer, Superintendent, Julie Dodd, Treasurer

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with the finding by the auditor

Description of Corrective Action Plan:

Internal Controls for the Annual Financial Report: Compilation of the SEFA

The BCS Treasurer is responsible for compiling all necessary information for the Schedule of Expenditures of Federal Awards (SEFA) within the Annual Financial Report. To ensure accuracy and proper internal controls, the Grants Specialist, who is responsible for compiling federal award expenditure reimbursement claims, will review and sign off on the compiled SEFA data. Subsequently, the complete Annual Financial Report, including the SEFA, will be reviewed by our accounting partners at Baker Tilly and then by the Superintendent prior to submission to Gateway.

Anticipated Completion Date: August 31st, 2025

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CORRECTIVE ACTION PLAN

Finding 2024-003

Subject: Child Nutrition Cluster – Allowable Costs/ Cost Principles

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

Compliance Requirement: Allowable Costs/ Cost Principles

Audit Findings: Material Weakness, Other Matters

Contact Person Responsible for Corrective Action: Julie Dodd, Treasurer

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with the finding of the auditor

Description of Corrective Action Plan:

This was a singular occurrence in which indirect costs were applied in the wrong year. Moving forward, no indirect costs will be charged or paid outside of the correct time period for the fiscal year.

Anticipated Completion Date: Completed

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CORRECTIVE ACTION PLAN

FINDING 2024-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program

ALN Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY23, FY24

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Non-Compliance

Contact Person Responsible for Corrective Action: Chad Yencer - Superintendent

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

BCS has established the following internal controls to ensure compliance:

1. Internal Control: When a purchase is made at \$10,000 or more using Federal Funds, the superintendent will require that any vendors selected are in compliance with the Procurement and Suspension and Debarment compliance requirement by completing one of the following quality checks with each vendor prior to purchase:
 - a. Checking the federal System for Award Management (SAM) database at <https://sam.gov/content/exclusions> and maintain a screenshot of the search results.
 - b. Collect a certification from the vendor directly
 - c. Add a clause or condition to the covered transaction with the vendor

In this audit, the Deputy Treasurer conducted the check but misspelled the vendors name while checking so no actual check was completed.

Anticipated Completion Date:

This corrective action will be implemented and completed immediately with any purchase made that meets the above threshold.

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CORRECTIVE ACTION PLAN

FINDING 2024-005

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles and Allowable Activities

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listing Number: 84.425D, 84.425C, 84.425U

Federal Award Numbers and Year (or Other Identifying Numbers): S425D210013, S425U210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles

Audit Findings: **Material Weakness, Modified Opinion**

Person Responsible for Corrective Action: Chad Yencer - Superintendent

Contact Phone Number: 765-348-7550

Views of Responsible Official: Agree

Description of Corrective Action Plan:

This was a singular occurrence where the rate for a remedial program was not approved by the BCS school board, and where the payments did not tie back to an allowable cost. This program and fund are no longer active.

Anticipated Completion Date: Completed

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CORRECTIVE ACTION PLAN

FINDING 2024-006

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listing 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: Reporting

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Chad Yencer, Superintendent

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

Internal Control

1. For state reporting related to ESSER grants, the Grants/Data Specialist will compile all required information and maintain thorough supporting documentation. The Corporation Treasurer will then review the compiled financial data for the reporting period, verifying its accuracy before presenting it to the Superintendent. Finally, the Superintendent will review the information and supporting documentation, confirming its accuracy prior to submission to the Indiana Department of Education (IDOE). All workpapers and calculations will be recorded and kept for verification

Anticipated Completion Date: August 2025

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.