

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

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

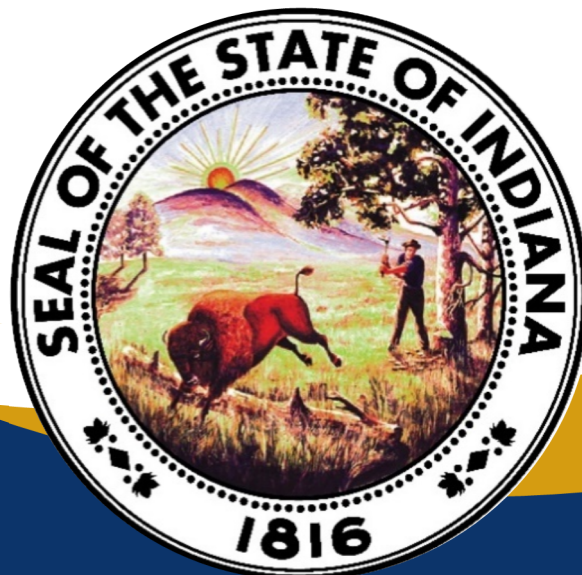
FEDERAL COMPLIANCE AUDIT REPORT

OF

NEW PALESTINE COMMUNITY SCHOOLS

HANCOCK COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/12/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Corporation Treasurer	Robert Yoder Sarah Gizzi	07-01-22 to 08-31-24 09-01-24 to 06-30-25
Superintendent of Schools	Dr. Lisa Lantrip Dr. Gina Pleak	07-01-22 to 06-30-24 07-01-24 to 06-30-25
President of the School Board	Daniel Walker Laura Haeberle	07-01-22 to 01-07-24 01-08-24 to 06-30-25



Paul D. Joyce, CPA
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INDIANA STATE BOARD OF ACCOUNTS

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

TO: THE OFFICIALS OF THE NEW PALESTINE COMMUNITY
SCHOOLS, HANCOCK 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 New Palestine Community 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 4, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 4, 2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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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 NEW PALESTINE COMMUNITY SCHOOLS, HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the New Palestine Community 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.

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 major federal programs for the period of July 1, 2022 to June 30, 2024.

Basis for Opinion on Each Major Federal Program

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.

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.

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)

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.

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 2024-001. 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.

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 Internal Control over Compliance

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

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

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated March 4, 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 4, 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.



NEW PALESTINE COMMUNITY 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 Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Federal School Breakfast Reimbursement			3115	\$ -	\$ 162,808	\$ -	\$ 131,804
Total - School Breakfast Program				-	162,808	-	131,804
National School Lunch Program							
Federal School Lunch Reimbursement	Indiana Department of Education	10.555					
Supply Chain Assistance Funds			3115	-	768,819	-	659,049
Commodities			3115	-	182,734	-	117,427
				-	100,739	-	131,936
Total - National School Lunch Program				-	1,052,292	-	908,412
Total - Child Nutrition Cluster				-	1,215,100	-	1,040,216
Pandemic EBT Administrative Costs							
P-EBT Admin Funds	Indiana Department of Education	10.649					
			3115	-	628	-	-
Total - Department of Agriculture				-	1,215,728	-	1,040,216
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Ed Paraprofessional Training	Indiana Department of Education	84.027A					
Part B 611 FY 2021			79822	-	-	-	19,353
Part B 611 FY 2022			21611-136-PN01	-	2,735	-	-
Part B 611 FY 2023			22611-136-PN01	-	148,090	-	15,683
Part B 611 FY 2024			23611-136-PN01	-	660,819	-	155,192
			24611-136-PN01	-	-	-	665,607
Subtotal - Special Education Grants to States				-	811,644	-	855,835
COVID-19 - Special Education Grants to States							
ARP Part B 611	Indiana Department of Education	84.027X					
			22611-136-ARP	-	57,831	-	27,902
Total - Special Education Grants to States				-	869,475	-	883,737
Special Education Preschool Grants							
Preschool Part B 619 FY 2021	Indiana Department of Education	84.173A					
Preschool Part B 619 FY 2022			21619-136-PN01	-	1,083	-	-
			22619-136-PN01	-	11,176	-	1,278

NEW PALESTINE COMMUNITY 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
Preschool Part B 619 FY 2023			23619-136-PN01	-	23,415	-	8,133
Preschool Part B 619 FY 2024			24619-136-PN01	-	-	-	23,566
Subtotal - Special Education Preschool Grants				-	35,674	-	32,977
COVID-19 - Special Education Preschool Grants ARP Part B 619	Indiana Department of Education	84.173X	22619-136-ARP	-	-	-	14,140
Total - Special Education Preschool Grants				-	35,674	-	47,117
Total - Special Education Cluster (IDEA)				-	905,149	-	930,854
Title I Grants to Local Educational Agencies Title I 2021-22 Title I 2022-23 Title I 2023-24	Indiana Department of Education	84.010	S010A210014 S010A220014 S010A230014	- - -	14,608 33,388 -	- - -	- 46,598 62,726
Total - Title I Grants to Local Educational Agencies				-	47,996	-	109,324
Career and Technical Education -- Basic Grants to States Perkins Education Readiness		84.048A	23-0512-ERG7	-	-	-	100,000
English Language Acquisition State Grants Title III	Greenfield Central Community School Corporation	84.365	3115	-	-	-	3,000
Supporting Effective Instruction State Grants Title II-A FFY 2021 Title II-A FFY 2022 Title II-A FFY 2023	Indiana Department of Education	84.367	S367A210013 S367A220013 S367A230013	- - -	35,462 13,704 -	- - -	1,373 23,955 15,381
Total - Supporting Effective Instruction State Grants				-	49,166	-	40,709
Education Innovation and Research Rural Early College Network	Indiana Department of Education	84.411	U411B190018	-	55,437	-	42,182
Student Support and Academic Enrichment Program Title IV 2021	Indiana Department of Education	84.424	S424A210015	-	2,287	-	-

NEW PALESTINE COMMUNITY 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
Title IV 2022			S424A220015	-	7,388	-	2,612
Title IV 2023			S424A230015	-	-	-	2,517
Total - Student Support and Academic Enrichment Program				-	9,675	-	5,129
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
ESSER III (IN Learns) Enrichment		84.425U	3115	-	-	-	9,960
ARP (3E) ESSER III		84.425U	7000S425U210013	-	121,996	-	247,778
GEER		84.425C	S425C200018	-	3,234	-	-
ESSER II		84.425D	S425D210013	-	123,226	-	10,005
ESSER III		84.425U	S425U210013	-	157,404	-	185,115
Total - COVID-19 - Education Stabilization Fund				-	405,860	-	452,858
Total - Department of Education				-	1,473,283	-	1,684,056
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program							
Federal Medicaid Reimbursement Fund (FFS)	Indiana Family and Social Services Administration	93.778	3115	-	65,878	-	42,816
Federal Medicaid Reimbursement Fund (MAC)	Indiana Department of Education		3115	-	27,530	-	41,417
Total - Medical Assistance Program				-	93,408	-	84,233
Total - Medicaid Cluster				-	93,408	-	84,233
Total - Department of Health and Human Services				-	93,408	-	84,233
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036					
FEMA Public Assistance Disaster Recovery			153358	-	-	-	228,656
Total - Department of Homeland Security				-	-	-	228,656
Total federal awards expended				\$ -	\$ 2,782,419	\$ -	\$ 3,037,161

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

NEW PALESTINE COMMUNITY 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.

NEW PALESTINE COMMUNITY 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

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

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

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

No matters are reportable.

NEW PALESTINE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425C, 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D210013,
S425U210013, 7000S425U210013,
3115
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition and Context

A property record or capital asset listing would include the following for each asset: 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, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. The property record or capital asset listing should be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

The School Corporation maintained a detailed listing of capital assets; however, the capital asset listing provided did not identify which assets were purchased with federal dollars, the FAIN, or the percentage of federal participation in the project costs for the federal award under which the property was acquired.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

". . . (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

NEW PALESTINE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

Cause

Management was not aware of the property record requirements for equipment and real property purchased with federal awards.

Effect

The School Corporation may not recall all equipment and real property purchased with federal awards, and, therefore, not use it for its designated purpose or follow disposal requirements for equipment and real property purchased with federal awards.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Equipment and Real Property Management 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 2024-002

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.425C, 84.425D, 84.425U

Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D210013,
S425U210013, 7000S425U210013,
3115

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Condition and Context

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 Reporting compliance requirements.

NEW PALESTINE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed, nor implemented, a system of internal controls to ensure the annual Elementary and Secondary School Emergency Relief (ESSER) annual Data Collection reports (Reports) were complete and accurately submitted. The School Corporation Reports were prepared by the Deputy Treasurer and the Grant Administrator, then were reviewed and approved by the Business Manager; however, there was no documentation provided to verify that the oversight or review process to prevent, or detect and correct, errors was performed during the audit period. This resulted in errors on the ESSER I Year 3 report that was originally submitted in April 2023 not being detected and corrected until July 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). . . ."

Cause

There was no documentation that a system of internal controls had been designed and implemented by management of the School Corporation to ensure compliance with the federal award and the Reporting compliance requirement. As a result, a report was originally submitted that contained incorrect information and was not discovered and corrected for 15 months.

Effect

Without an effective system of internal controls, noncompliance with the federal award and the Reporting compliance requirement occurred for one of the reports submitted by the School Corporation. Users of the Report rely upon its accuracy to make appropriate decisions.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the federal award and the Reporting compliance requirement which includes documentation of the operation of internal controls.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



New Palestine Community Schools
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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject:

COVID-19 - Education Stabilization Fund - Equipment and Real Property Management

Contact Person Responsible for Corrective Action:

Sarah Gizzi, Business Manager

Contact Phone Number and Email Address:

(317) 861-4463 x1014, sgizzi@newpal.k12.in.us

Condition and Context:

A property record or capital asset listing would include the following for each asset: 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, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property. The property record or capital asset listing should be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

The School Corporation maintained a detailed listing of capital assets; however the capital asset listing provided did not identify which assets were purchased with federal dollars, the FAIN, or the percentage of federal participation in the project costs for the federal award under which the property was acquired.

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The asset management procedures and internal controls of New Palestine Community Schools have been improved to include the necessary details regarding assets purchased with federal awards by creating and maintaining a separate listing of federally purchased assets that qualify for capitalization. The listing includes the FAIN and the percentage of federal participation in the project costs for the federal award under which the property was acquired, in addition to the detailed information already on file for each asset. The listing will be reviewed regularly by grant administrators and management to ensure compliance.

Anticipated Completion Date:

These procedures have been implemented effective immediately, March 3, 2025.



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CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject:

COVID-19 - Education Stabilization Fund - Reporting

Contact Person Responsible for Corrective Action:

Sarah Gizzi, Business Manager

Contact Phone Number and Email Address:

(317) 861-4463 x1014, sgizzi@newpal.k12.in.us

Condition and Context:

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 Reporting compliance requirements: Reporting

The School Corporation had not designed, nor implemented, a system of internal controls to ensure the annual Elementary and Secondary School Emergency Relief (ESSER) annual Data Collection reports (Reports) were complete and accurately submitted. The School Corporation Reports were prepared by the Deputy Treasurer and the Grant Administrator, then reviewed and approved by the Business Manager; however, there was no documentation provided to verify that the oversight or review process to prevent, or detect and correct, errors was performed during the audit period. This resulted in errors on the ESSER I Year 3 from the original submission in April 2023 not being detected and corrected until July 2024.

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The federal award reporting procedures and internal controls of New Palestine Community Schools have been improved to ensure all reporting documents will have a multistep review process to include a reviewer separate from the preparer. The reports will also have multiple signers documenting proper review of the information being reported, ensuring accuracy and compliance.

Anticipated Completion Date:

These procedures have been implemented effective immediately, March 3, 2025, and will be reflected on all future reports.

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/>.