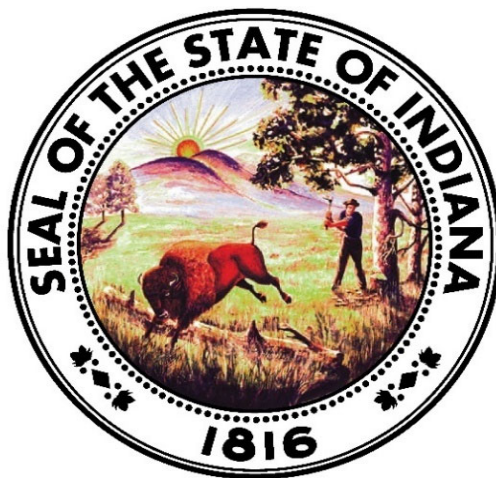


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT
OF
SOUTHEAST FOUNTAIN SCHOOL CORPORATION
FOUNTAIN COUNTY, INDIANA
July 1, 2021 to June 30, 2023



FILED
03/14/2024

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| 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 <i>Government Auditing Standards</i> | 3-4 |
| 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 | 5-8 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: | |
| Schedule of Expenditures of Federal Awards | 11-13 |
| Notes to Schedule of Expenditures of Federal Awards..... | 14 |
| Schedule of Findings and Questioned Costs..... | 15-17 |
| Auditee-Prepared Documents: | |
| Summary Schedule of Prior Audit Findings..... | 20-23 |
| Corrective Action Plan | 24 |
| Other Reports..... | 25 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Cynthia C. Alward | 07-01-21 to 12-31-24 |
| Superintendent of Schools | Dr. Tania Grimes | 07-01-21 to 06-30-24 |
| President of the School Board | Crystal Brewer Scott Minick Kim Sowers Josh Foxworthy | 01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 |



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 SOUTHEAST FOUNTAIN SCHOOL
CORPORATION, FOUNTAIN 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 Southeast Fountain School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, 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 5, 2024, 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 5, 2024



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 SOUTHEAST FOUNTAIN SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Southeast Fountain School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023. 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, 2021 to June 30, 2023.

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 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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)

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 item 2023-001, 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, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated March 5, 2024, 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 5, 2024

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.

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SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

| 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 06-30-22 | Total Federal Awards Expended 06-30-22 | Passed Through to Subrecipient 06-30-23 | Total Federal Awards Expended 06-30-23 |
|---|-------------------------------------|----------------------------------|--|---|---|---|---|
| Department of Agriculture | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | | | | | |
| School Lunch Fund | | | FY 22-23 | \$ - | \$ - | \$ - | \$ 188,294 |
| School Lunch Fund | | | FY 21-22 | - | 148,207 | - | - |
| Total - School Breakfast Program | | | | - | 148,207 | - | 188,294 |
| National School Lunch Program | | | | | | | |
| School Lunch Fund | Indiana Department of Education | 10.555 | | | | | |
| School Lunch Fund | | | FY 22-23 | - | - | - | 601,441 |
| Supply Chain Assistance | | | FY 21-22 | - | 530,632 | - | - |
| Supply Chain Assistance | | | 222IN059N8903 | - | - | - | 46,378 |
| Supply Chain Assistance | | | 232IN059N8903 | - | - | - | 12,449 |
| Commodities | | | FY 21-22 / FY 22-23 | - | 90,572 | - | 52,526 |
| Total - National School Lunch Program | | | | - | 621,204 | - | 712,794 |
| Total - Child Nutrition Cluster | | | | - | 769,411 | - | 901,088 |
| Total - Department of Agriculture | | | | - | 769,411 | - | 901,088 |
| Department of Education | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to States | | | | | | | |
| 2020-21 Spec Ed 611 Part B | Indiana Department of Education | 84.027 | | | | | |
| 2021-22 Spec Ed 611 Part B | | | 21611-073-PN01 | - | 61,787 | - | - |
| 2022-23 Spec Ed 611 Part B | | | 22611-073-PN01 | - | 200,748 | - | 56,325 |
| | | | 23611-073-PN01 | - | - | - | 220,860 |
| Subtotal - Special Education Grants to States | | | | - | 262,535 | - | 277,185 |
| COVID-19 - Special Education Grants to States | | | | | | | |
| IDEA Part B 611 ARP | Indiana Department of Education | 84.027X | | | | | |
| | | | 22611-073-ARP | - | - | - | 19,322 |
| Total - Special Education Grants to States | | | | - | 262,535 | - | 296,507 |
| Special Education Preschool Grants | | | | | | | |
| 2021-22 Spec Ed Preschool | Indiana Department of Education | 84.173 | | | | | |
| 2022-23 Sped Ed 619 Part B | | | 22619-073-PN01 | - | 12,942 | - | - |
| | | | 23619-073-PN01 | - | - | - | 13,148 |
| Subtotal - Special Education Preschool Grants | | | | - | 12,942 | - | 13,148 |

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

| 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 06-30-22 | Total Federal Awards Expended 06-30-22 | Passed Through to Subrecipient 06-30-23 | Total Federal Awards Expended 06-30-23 |
|---|-------------------------------------|----------------------------------|--|---|---|---|---|
| COVID-19 - Special Education Preschool Grants IDEA Preschool ARP | Indiana Department of Education | 84.173X | 22619-073-ARP | - | 1,590 | - | 2,629 |
| Total - Special Education Preschool Grants | | | | - | 14,532 | - | 15,777 |
| Total - Special Education Cluster (IDEA) | | | | - | 277,067 | - | 312,284 |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | | | |
| 2020-21 Title I Grant | | | S010A200014 | - | 35,897 | - | - |
| 2021-22 Title I Grant | | | S010A210014 | - | 164,411 | - | 16,123 |
| 2022-23 Title I Grant | | | S010A220014 | - | - | - | 151,178 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 200,308 | - | 167,301 |
| Supporting Effective Instruction State Grants | Indiana Department of Education | 84.367 | | | | | |
| 2019-21 Title II Part A | | | S367A190013 | - | 3,922 | - | - |
| 2020-22 Title II Part A | | | S367A200013 | - | 27,844 | - | - |
| 2022-23 Title II Part A | | | S367A210013 | - | - | - | 29,413 |
| 2023-24 Title II Part A | | | S367A220013 | - | - | - | 9,654 |
| Total - Supporting Effective Instruction State Grants | | | | - | 31,766 | - | 39,067 |
| Student Support and Academic Enrichment Program | Indiana Department of Education | 84.424 | | | | | |
| 2020-22 Title IV Part A | | | S424A200015 | - | 8,625 | - | - |
| 2021-23 Title IV Part A | | | S424A210015 | - | 13,003 | - | 837 |
| 2022-24 Title IV Part A | | | S424A220015 | - | - | - | 7,540 |
| Total - Student Support and Academic Enrichment Program | | | | - | 21,628 | - | 8,377 |
| COVID-19 - Education Stabilization Fund | Indiana Department of Education | 84.425 | | | | | |
| CARES Act ESSER | | 84.425D | S425D200013 | - | 526,374 | - | - |
| ESSER II | | 84.425D | S425D210013 | - | 15,803 | - | 82,242 |
| ESSER III | | 84.425U | S425U210013 | - | 186,749 | - | 169,178 |
| Total - COVID-19 - Education Stabilization Fund | | | | - | 728,926 | - | 251,420 |
| Total - Department of Education | | | | - | 1,259,695 | - | 778,449 |

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

| 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 06-30-22 | Total Federal Awards Expended 06-30-22 | Passed Through to Subrecipient 06-30-23 | Total Federal Awards Expended 06-30-23 |
|--|---|----------------------------------|--|---|---|---|---|
| <u>Department of Health and Human Services</u> | | | | | | | |
| CCDF Cluster | | | | | | | |
| Child Care and Development Block Grant Build Learn Grow Grant | Indiana Department of Education | 93.575 | 210INCSC6 | - | 55,313 | - | 12,127 |
| Total - Child Care and Development Block Grant | | | | - | 55,313 | - | 12,127 |
| Total - CCDF Cluster | | | | - | 55,313 | - | 12,127 |
| Medicaid Cluster | | | | | | | |
| Medical Assistance Program Medicaid Reimbursement - Federal Medicaid Reimbursement - Federal | Indiana Department of Education | 93.778 | FY 2022-23 FY 2021-22 | - | - | - | 29,625 |
| Total - Medical Assistance Program | | | | - | 10,364 | - | - |
| Total - Medicaid Cluster | | | | - | 10,364 | - | 29,625 |
| Total - Department of Health and Human Services | | | | - | 65,677 | - | 41,752 |
| <u>Department of Homeland Security</u> | | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA #4515DR | Indiana Department of Homeland Security | 97.036 | 4515DRIN | - | - | - | 5,891 |
| Total - Department of Homeland Security | | | | - | - | - | 5,891 |
| Total federal awards expended | | | | \$ - | \$ 2,094,783 | \$ - | \$ 1,727,180 |

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2022 and 2023. 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, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed 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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

| | |
|--|---|
| Type of auditor's report issued: | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting: | |
| Material weaknesses identified? | 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 | Child Nutrition Cluster COVID-19 - Education Stabilization Fund | Unmodified Unmodified |

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 Assistance Listings Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 21-22, FY 22-23, 222IN059N8903, 232IN059N8903
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Other Matters

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed procedures had not been performed to ensure vendors were not suspended or debarred prior to entering into covered transaction. Three covered transactions, that equaled or exceeded \$25,000, were identified. All three transactions, totaling \$1,408,264, were selected for testing. For one of three vendors, the School Corporation had not performed procedures to ensure the vendor was not suspended or debarred, or otherwise excluded or disqualified from participating in federal assistance programs or activities for suspension or debarment. The total amount spent with the vendor was \$169,723.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to fiscal year 2022-2023.

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 tend to do business is not excluded or disqualified. You do this by:

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

Without the proper system of implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors were not verified by the School Corporation to not be suspended or debarred from participating in federally funded activities. Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and obtain documentation that vendors with covered transactions 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.

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AUDITEE-PREPARED DOCUMENTS

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

Southeast Fountain School Corporation

744 East U.S. Hwy. 136
Veedersburg, Indiana 47987

Dr. Tania Grimes
Superintendent

Ph: 765-294-2254
Fax: 765-294-3200

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SOUTHEAST FOUNTAIN SCHOOL CORPORATION

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 7/01/2021 - 6/30/2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

Internal controls over payroll distribution reports were not implemented.

Status of Audit Finding:

- **Control - We intend to use a sign off sheet to be verified by a second person that the Payroll Distribution Report has been reviewed.**
- **Plan - The Payroll Distribution Report will be presented to a second person to verify the data and sign off on the report.**

Response Comments:

Fully Corrected and the original corrective action was implemented.

Southeast Fountain School Corporation

744 East U.S. Hwy. 136
Veedersburg, Indiana 47987

Dr. Tania Grimes
Superintendent

Ph: 765-294-2254
Fax: 765-294-3200

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SOUTHEAST FOUNTAIN SCHOOL CORPORATION

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 7/01/2021 - 6/30/2023

Finding Subject: Child Nutrition Cluster - Eligibility

Summary of Finding:

An effective internal control system was not in place to ensure compliance with the requirements related to the grant agreement and the Eligibility compliance requirement.

Status of Audit Finding:

- **Control - We will verify our computer software has made the correct determination for eligibility by verifying that 5 applications are correct. We will run a lunch status report at the end of each school year for both buildings showing that the direct certification qualifications were correctly marked in the software.**
- **Plan - The verified applications will be reviewed and signed off by a second person AND the end of the year lunch status report for both buildings will be printed, verified and signed off by a second person.**

Response Comments:

The corrected plan and controls we have set to implement have not been used since we qualified for the SSO waiver for the 2021/22 and we were approved to participate in CEP for the 2022/23 school year. In the event we no longer qualify to participate in CEP, we will then continue with our corrective action we planned to implement.

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Superintendent

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SOUTHEAST FOUNTAIN SCHOOL CORPORATION

FINDING 2021-003

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 7/01/2021 - 6/30/2023

Finding Subject: Allowable Costs/Cost Principles

Summary of Finding:

The school corporation did not have a written procedure determining the allowability of cost.

Status of Audit Finding:

- **Control –**

We have printed and verified the Monthly Meals Served report and the Monthly Item report from the POS system to the Aramark invoices received.

- **Plan - The treasurer reconciles the invoice to the Monthly Meals Served report and the Monthly Item report to verify the number of meals served before paying the Aramark invoice.**

Response Comments:

Fully Corrected and the original corrective action was implemented.

Southeast Fountain School Corporation

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Veedersburg, Indiana 47987

Dr. Tania Grimes
Superintendent

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SOUTHEAST FOUNTAIN SCHOOL CORPORATION

FINDING 2021-004

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 7/01/2021 - 6/30/2023

Finding Subject: Cash Management

Summary of Finding:

The school corporation did not have an effective internal control system in place to ensure the Cash Management compliance requirement.

Status of Audit Finding:

- **Control –**
The Monthly Meals Served report is printed and verified with the SNP monthly reimbursement claim on meals served.
- **Plan -** The treasurer reconciles the SNP reimbursement claim with the Monthly Meals Served report to verify the number of meals served before submitting the SNP reimbursement.

Response Comments:

Fully Corrected and the original corrective action was implemented.



Southeast Fountain School Corporation

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Tania Grimes, Ed. D.
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding:

During the SBOA audit, our School Corporation did not have a policy nor the internal controls to review vendors to ensure they were not suspended or debarred. Our School Corporation was unable to provide evidence or support to show that one contracted vendor tested was reviewed before we entered a covered transaction with the vendor.

Contact Person Responsible for Corrective Action: Cynthia Alward, Treasurer

Contact Phone Number and Email Address: (765)294-2254 alwardc@sefschools.org

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Our School Corporation intends to verify the eligibility of vendors that will be paid more than \$25,000.00 in federal funds with SAMS.gov. We will check that the vendor has not been debarred or suspended from participating in federal programs.

Anticipated Completion Date: Immediately

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/>.