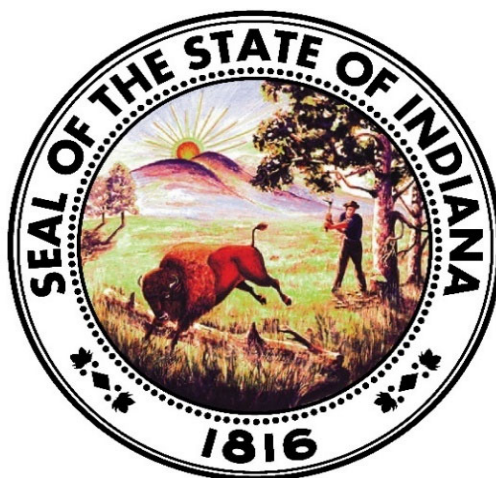


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT
OF
SEYMOUR COMMUNITY SCHOOL CORPORATION
JACKSON COUNTY, INDIANA
July 1, 2021 to June 30, 2023



FILED
03/12/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Steve Nauman	07-01-21 to 06-30-24
Superintendent of Schools	Brandon Harpe	07-01-21 to 06-30-24
President of the School Board	Art Juergens Ken Browning	07-01-21 to 12-31-23 01-01-24 to 06-30-24



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 SEYMOUR COMMUNITY SCHOOL
CORPORATION, JACKSON 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 Seymour Community 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 February 29, 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

February 29, 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 SEYMOUR COMMUNITY SCHOOL CORPORATION, JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Seymour Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

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

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 2023-001 and 2023-002, 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, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 29, 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

February 29, 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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SEYMOUR COMMUNITY 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 Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			2021-22	\$ -	\$ 532,736	\$ -	\$ -
School Breakfast Program			2022-23	-	-	-	574,155
Total - School Breakfast Program				-	532,736	-	574,155
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			2021-22	-	2,657,458	-	-
School Lunch Program			2022-23	-	-	-	2,615,039
School Lunch Program - Commodities			2021-22	-	293,375	-	-
School Lunch Program - Commodities			2022-23	-	-	-	204,601
School Lunch Program - Supply Chain			2022-23	-	-	-	248,490
Total - National School Lunch Program				-	2,950,833	-	3,068,130
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			2021-22	-	230,761	-	-
Summer Food Service Program for Children			2022-23	-	-	-	59,357
Total - Summer Food Service Program for Children				-	230,761	-	59,357
Special Milk Program for Children							
Kindergarten Milk Program	Indiana Department of Education	10.556					
Kindergarten Milk Program			2021-22	-	651	-	-
Kindergarten Milk Program			2022-23	-	-	-	1,275
Total - Special Milk Program for Children				-	651	-	1,275
Total - Child Nutrition Cluster				-	3,714,981	-	3,702,917
COVID-19 - Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Pandemic EBT Administrative Costs			2021-22	-	3,063	-	-
Pandemic EBT Administrative Costs			2022-23	-	-	-	3,135
Total - COVID-19 - Pandemic EBT Administrative Costs				-	3,063	-	3,135
Total - Department of Agriculture				-	3,718,044	-	3,706,052
<u>Department of Justice</u>							
Public Safety Partnership and Community Policing Grants	Direct Grant	16.710					
7963 - Cops SVPP Grant			2020SVWX0129	-	-	-	349,463
Total - Department of Justice				-	-	-	349,463

SEYMOUR COMMUNITY 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 Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
5255 - Special Education			20611-094-PN01	-	68,725	-	-
5221 - Special Education			21611-094-PN01	-	720,005	-	-
5221 - Special Education			21611-094-PN01	-	-	-	37,399
5222 - Special Education			22611-094-PN01	-	484,266	-	-
5222 - Special Education			22611-094-PN01	-	-	-	659,622
5223 - Special Education			23611-094-PN01	-	-	-	568,205
Subtotal - Special Education Grants to States				-	1,272,996	-	1,265,226
COVID-19 - Special Education Grants to States							
7911 - ARP Special Ed Grant	Indiana Department of Education	84.027X	22611-094-ARP	-	23,419	-	-
7911 - ARP Special Ed Grant			22611-094-ARP	-	-	-	202,667
Total - Special Education Grants to States				-	1,296,415	-	1,467,893
Special Education Preschool Grants							
5455 - Special Education Preschool	Indiana Department of Education	84.173	20619-094-PN01	-	65	-	-
5421 - Special Education Preschool			21619-094-PN01	-	36,584	-	-
5422 - Special Education Preschool			22619-094-PN01	-	8,632	-	-
5422 - Special Education Preschool			22619-094-PN01	-	-	-	11,346
5423 - Special Education Preschool			23619-094-PN01	-	-	-	15,957
Subtotal - Special Education Preschool Grants				-	45,281	-	27,303
COVID-19 - Special Education Preschool Grants							
7912 - ARP Special Ed Preschool	Indiana Department of Education	84.173X	22619-094-ARP	-	1,134	-	-
7912 - ARP Special Ed Preschool			22619-094-ARP	-	-	-	3,460
Total - Special Education Preschool Grants				-	46,415	-	30,763
Total - Special Education Cluster (IDEA)				-	1,342,830	-	1,498,656
Title I Grants to Local Educational Agencies							
4150 - Title I	Indiana Department of Education	84.010	S010A200014	-	227,268	-	-
4160 - Title I			S010A210014	-	584,130	-	-
4160 - Title I			S010A210014	-	-	-	141,078
4170 - Title I			S010A220014	-	-	-	533,587
Total - Title I Grants to Local Educational Agencies				-	811,398	-	674,665

SEYMOUR COMMUNITY 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
English Language Acquisition State Grants	Indiana Department of Education	84.365					
6886 - Title III			01120-031	-	56,375	-	-
6887 - Title III			01121-031	-	58,213	-	-
6887 - Title III			01121-031	-	-	-	65,418
6888 - Title III Grant			S365A210014	-	27,796	-	-
6888 - Title III Grant			S365A210014	-	-	-	107,030
6912 - Immigrant Influx			01120-002-FLUX	-	13,755	-	-
6912 - Immigrant Influx			01120-002-FLUX	-	-	-	17,026
Total - English Language Acquisition State Grants				-	156,139	-	189,474
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
6846 - Title II Part A			S367A190013	-	120,332	-	-
6847 - Title II Part A			S367A200013	-	121,262	-	-
6847 - Title II Part A			S367A200013	-	-	-	16,003
6848 - Title II Part A			S367A210013	-	2,665	-	-
6848 - Title II Part A			S367A210013	-	-	-	129,749
Total - Supporting Effective Instruction State Grants				-	244,259	-	145,752
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
5802 - Title IV			2019-424-110	-	23,962	-	-
5803 - Title IV			S424A200015	-	37,900	-	-
5803 - Title IV			S424A200015	-	-	-	3,730
5804 - Title IV			S424A210015	-	36,100	-	-
5804 - Title IV			S424A210015	-	-	-	7,368
5805 - Title IV			S424A220015	-	-	-	33,913
Total - Student Support and Academic Enrichment Program				-	97,962	-	45,011
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
7941 - ESSER I		84.425D	S425D200013	-	260,388	-	-
7941 - ESSER I		84.425D	S425D200013	-	-	-	167,140
7931 - ESSER II		84.425D	S425D210013	-	1,023,505	-	-
7931 - ESSER II		84.425D	S425D210013	-	-	-	1,109,031
7923 - ESSER III		84.425U	S425U210013	-	524,486	-	-
7923 - ESSER III		84.425U	S425U210013	-	-	-	1,057,170
Total - COVID-19 - Education Stabilization Fund				-	1,808,379	-	2,333,341
Total - Department of Education				-	4,460,967	-	4,886,899
Total federal awards expended				\$ -	\$ 8,179,011	\$ -	\$ 8,942,414

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

SEYMOUR COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal 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.

SEYMOUR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

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

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: Child Nutrition Cluster - Eligibility, Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, Special Milk Program for Children

Assistance Listings Numbers: 10.553, 10.555, 10.559, 10.556

Federal Award Numbers and Years (or Other Identifying Numbers): 2021-22, 2022-23

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2021-001 from the prior audit report regarding Procurement and Suspension and Debarment.

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls that would likely be effective in preventing, or detecting and correcting, noncompliance.

Eligibility

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the eligibility determination of a child receiving meals. The Food Service Director reviewed and issued the initial eligibility determination without a system of oversight or review to ensure the eligibility determination was correct.

Suspension and Debarment

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to a vendor's suspension and debarment status. The Food Service Director verified applicable vendors were not suspended or debarred from participation in federal programs prior to entering into a covered transaction without a system of oversight or review to ensure compliance prior to payment.

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

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the verification of free and reduced price applications. There were no established internal controls in place to ensure that applications selected for verification were in compliance with requirements related to the program.

The lack of internal controls was 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). . . ."

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include 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 design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

Views of Responsible Officials

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

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

FINDING 2023-002

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation was required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period the School Corporation submitted two ESSER I reports, two ESSER II reports, and two ESSER III reports, for a total of six reports. The annual data reports were compiled, prepared, and submitted by the Treasurer without an oversight or review process in place to prevent, or detect and correct, errors.

Additionally, the ESSER I, Year 2 and ESSER I, Year 3 reports were not supported by the School Corporation's records. Errors noted were as follows:

- The ESSER I, Year 2 report did not report any expenditures for the reporting period, October 1, 2020 to June 30, 2021; however, the ledger detail had expenditures of \$77,594. The key line item "Operational Continuity and other Allowed Uses - Supplies" chosen for review was incorrectly reported.
- The ESSER I, Year 3 report included Year 1, March 13, 2020 to September 30, 2020, expenditures and Year 3, July 1, 2021 to June 30, 2022, expenditures. The key line item "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) - Personnel Services - Salaries" chosen for review was incorrectly reported.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the ESSER I, Year 2 and ESSER I, Year 3 reports.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.334 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 200.302(b) states in part:

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

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

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

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include 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 design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reports submitted to the IDOE were not supported by the School Corporation's underlying accounting records.

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place prior to filing required reports.

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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021 - 001

Fiscal Year in Which the Finding Initially Occurred: July 1, 2019 to June 30, 2021

Current Audit Period: July 1, 2021 to June 30, 2023

Finding Subject: Child Nutrition Cluster - Suspension and Debarment

Summary of Findings: Material Weakness

Seymour Community Schools management will establish a system of internal controls, including segregation of duties, related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Status of Audit Finding: Partially completed by June 30, 2022

Response Comments: We are continuing to revise our verification process to include a second level of review with an additional signature. This process should be in place by **January 31, 2024**

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer

Contact Phone Number: (812) 522-3340



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021 - 002

Fiscal Year in Which the Finding Initially Occurred: July 1, 2019 to June 30, 2021

Current Audit Period: July 1, 2021 to June 30, 2023

Finding Subject: Child Nutrition Cluster – Program Income

Summary of Findings: Material Weakness, Other Matters

The Seymour Community Schools Business office established an effective internal system to ensure compliance and comply with the grant agreement and the Program Income compliance requirement for both the School Lunch & Prepaid lunch funds.

Status of Audit Finding: Completed by June 30, 2022

Response Comments: No further action needed. The Finding has been corrected.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer

Contact Phone Number: (812) 522-3340

Seymour

COMMUNITY SCHOOLS



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021 - 003

Fiscal Year in Which the Finding Initially Occurred: July 1, 2019 to June 30, 2021

Current Audit Period: July 1, 2021 to June 30, 2023

Finding Subject: Special Education Cluster (IDEA) - Procurement

Summary of Findings: Material Weakness, Other Matters

Seymour Community Schools management implemented during June of 2022, a system of internal controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Status of Audit Finding: Completed by June 30, 2022

Response Comments: No further action needed. This Finding has been corrected.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer

Contact Phone Number: (812) 522-3340



Seymour | COMMUNITY SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject:

Child Nutrition Cluster – Eligibility, Procurement and Suspension and Debarment , Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)

Summary of Finding:

Material Weakness

Contact Person Responsible for Corrective Action:

Steve Nauman, Treasurer

Contact Phone Number and Email Address:

Phone: 812-522-3340

Email: naumans@scsc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The SCSC management team will *design and implement a proper system of internal control, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place concerning the Eligibility, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.*

Anticipated Completion Date:

The projected date of completion is March 31, 2024.



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CORRECTIVE ACTION PLAN

FINDING 2023-002

Finding Subject:

COVID 19 – Education Stabilization Fund - Reporting

Summary of Finding:

Material Weakness, Other Matters.

Contact Person Responsible for Corrective Action:

Steve Nauman, Treasurer

Contact Phone Number and Email Address:

Phone: 812-522-3340

Email: naumans@scsc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The SCSC management team will design and implement a proper system of internal control, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals and oversight are taking place prior to filing required reports.

Anticipated Completion Date:

The projected date of completion is February 29, 2024.



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<https://www.scsc.k12.in.us>

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/>.