

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

RIPLEY COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
03/14/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lana M. Miller	07-01-21 to 06-30-24
Superintendent of Schools	Robert D. Moorhead	07-01-21 to 06-30-24
President of the School Board	Tim Taylor Jeff Cornett	07-01-21 to 12-31-22 01-01-23 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 SOUTH RIPLEY COMMUNITY
SCHOOL CORPORATION, RIPLEY 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 South Ripley 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 SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the South Ripley 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.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2021 to June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2021 to June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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)

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.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in items 2023-003 and 2023-004 over Procurement and Suspension and Debarment and Matching, Level of Effort, Earmarking, respectively. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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)

- 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 items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, 2023-003, and 2023-004, 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.

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 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.

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.

SOUTH RIPLEY 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 Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Cafeteria-School Breakfast Program			FY2022	\$ -	\$ 241,095	\$ -	\$ -
Cafeteria-School Breakfast Program			FY2023	-	-	-	165,357
Total - School Breakfast Program				-	241,095	-	165,357
National School Lunch Program	Indiana Department of Education	10.555					
Cafeteria-National School Lunch Program			FY2022	-	566,068	-	-
USDA - Supply Chain Assistance Program			FY2023	-	-	-	63,002
Cafeteria-National School Lunch Program			FY2023	-	-	-	474,965
Cafeteria-Commodities Inclusion on SEFA			FY2022	-	100,132	-	-
Cafeteria-Commodities Inclusion on SEFA			FY2023	-	-	-	52,598
Total - National School Lunch Program				-	666,200	-	590,565
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582					
Fresh Fruits & Vegetable Program			FY2023	-	-	-	34,985
Total - Child Nutrition Cluster				-	907,295	-	790,907
COVID-19 - Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Cafeteria-School Meal Program			FY2022	-	614	-	-
Cafeteria-School Meal Program			FY2023	-	-	-	628
Total - COVID-19 - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	907,909	-	791,535
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Ripley Ohio Dearborn Special Education Cooperative FY2021 Federal Part B 611 Grant			21611-48-PN01	-	500	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2022 Federal Part B 611 Grant			22611-48-PN01	-	504,035	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2022 Federal Part B 611 Grant			22611-48-PN01	-	-	-	95
Ripley Ohio Dearborn Special Education Cooperative FY2023 Federal Part B 611 Grant			23611-048-PN01	-	-	-	471,444
Total - Special Education Grants to States				-	504,535	-	471,539
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	Indiana Department of Education	84.027X					
Ripley Ohio Dearborn Special Education Cooperative FY2022 IDEA ARP 611 Grant			22611-048-ARP	-	40,625	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2022 IDEA ARP 611			22611-048-ARP	-	-	-	22,374
Total - COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)				-	40,625	-	22,374
Total - Special Education Cluster (IDEA)				-	545,160	-	493,913
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title 1 2020-2021			FY2021	-	44,508	-	-
Title 1 2021-2022			FY2022	-	260,280	-	34,344
Title 1 2022-2023			FY2023	-	-	-	238,680
Total - Title I Grants to Local Educational Agencies				-	304,788	-	273,024

SOUTH RIPLEY 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
Impact Aid	Direct Grant	84.041					
Impact Aid			FY2020	-	2,321	-	-
Impact Aid			FY2021	-	-	-	6,228
Impact Aid			FY2022	-	35,047	-	-
Impact Aid			FY2023	-	-	-	17,513
Total - Impact Aid				-	37,368	-	23,741
Rural Education	Indiana Department of Education	84.358					
Rural & Low Income School (RLIS)			S358B190014	-	26,133	-	6,036
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Class Size Reduction			FY2020	-	10,026	-	-
Title II Class Size Reduction			FY2021	-	23,854	-	-
Title II Class Size Reduction			FY2021	-	-	-	13,394
Title II Class Size Reduction			FY2022	-	-	-	40,873
Total - Supporting Effective Instruction State Grants				-	33,880	-	54,267
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Innovation Grant			S424A190015	-	9,711	-	-
Title IV Innovation Grant			S424A200015	-	400	-	30,169
Total - Student Support and Academic Enrichment Program				-	10,111	-	30,169
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
American Rescue Plan		84.425W	7000S425W210015	-	6,750	-	10,074
GEER Grant		84.425C	S425C200018	-	38,660	-	31,965
CARES-Education Stabilization		84.425D	S425D200013	-	115,932	-	28,999
ESSER II		84.425D	S425D210013	-	609,556	-	123,683
ESSER III		84.425U	SU425U210013	-	339,038	-	487,061
Total - COVID-19 - Education Stabilization Fund				-	1,109,936	-	681,782
Total - Department of Education				-	2,067,376	-	1,562,932
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
INMAC	Indiana Department of Education		FY2021	-	6,920	-	-
INMAC	Indiana Department of Education		FY2022	-	7,728	-	-
INMAC	Indiana Department of Education		FY2023	-	-	-	35,160
Medicaid Reimbursement	Indiana Family and Social Services Administration		FY2022	-	5,253	-	-
Medicaid Reimbursement	Indiana Family and Social Services Administration		FY2023	-	-	-	9,760
Total - Medical Assistance Program				-	19,901	-	44,920
Total - Medicaid Cluster				-	19,901	-	44,920
Total - Department of Health and Human Services				-	19,901	-	44,920
Total federal awards expended				\$ -	\$ 2,995,186	\$ -	\$ 2,399,387

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

SOUTH RIPLEY 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.

Note 3. Ripley-Ohio-Dearborn Special Education Cooperative

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

Note 4. GEER I Expenditures

The School Corporation was a participant in a joint application with other Local Educational Agencies (LEAs) to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. Milan Community Schools served as the fiscal agent for the award and expended award funds for equipment, supplies, and services on behalf of all participants. The School Corporation received equipment, supplies, and services as a result of the awarded grant in the amount of \$70,625 over the course of the audit period. As a result, the activity for the GEER award that is presented as federal awards expended on the SEFA is not presented as receipts and disbursements on the financial statement for the School Corporation.

SOUTH RIPLEY 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
84.425	Child Nutrition Cluster Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund	Unmodified Qualified 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.

SOUTH RIPLEY 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 - 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
Assistance Listings Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY2023
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-003.

Condition and Context

By November 15th of each school year, the Local Educational Agencies (LEA) must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals, unless the LEA is otherwise exempt from the verification requirement. The verification sample size is based on the total number of approved applications on file on October 1st.

If the LEA performs the verification function it must be in accordance with instructions provided by the state agency. The LEA must follow up on children whose eligibility status has changed as the result of verification activities to put them in the correct category.

As instructed, LEAs must select a sample of applications to be verified utilizing one of the following methods:

- a. Standard sample size - The lesser of 3 percent or 3,000 of the approved applications on file as of October 1, selected from error-prone applications. For this purpose, error prone applications are those showing household incomes within \$100 monthly or \$1,200 annually of the income eligibility guidelines for free and reduced price meals.
- b. Alternative sample sizes - 1) The lesser of 3 percent or 3,000 applications selected at random from approved applications on file as of October 1 of the school year, or (2) The sum of (a) the lesser of 1 percent of all applications identified as error-prone or 1,000 error-prone applications, and (b) the lesser of 1/2 of 1 percent of, or 500, approved applications in which the household provided, in lieu of income information, a case number showing participation in the SNAP, TANF, or FDPIR.

In accordance with the above guidance, the School Corporation selected a sample of applications based on the alternative sample size. As such, the School Corporation was required to review the lesser of 3 percent or 3,000 applications selected at random from approved applications on file as of October 1 of the 2022-2023 school year. On October 1, the School Corporation had 69 applications on file and determined that 3 applications were required to be verified.

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

There was one employee that was responsible for performing the required verification of the 3 free and reduced price applications. There was no documentation of an oversight, review, or approval process to ensure that the verifications were properly performed.

All 3 of the required verifications were selected for testing. For each verification, the School Corporation requested income documentation from the applicant to perform the verification as required. As a response was not received from any of the applicants, each student should have had a change in status from free or reduced to paid. Although, 2 of the students were flagged in the system as no response; the students' statuses were not appropriately updated to reflect that they were no longer eligible for free or reduced price meals. The remaining student was appropriately verified.

The lack of internal controls and noncompliance were 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). . . ."

7 CFR 245.6a states in part:

"(f) *Verification procedures and assistance for households* – . . .

(7) *Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section. . . .

(j) *Adverse action*. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of:

- (1) The change;
- (2) The reasons for the change;

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

- (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision;
- (4) Instructions on how to appeal; and
- (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

Cause

A proper system of internal controls was not implemented 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 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, verifications for free and reduced price applications were not appropriately changed.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure verifications for free and reduced price applications are appropriately changed.

Views of Responsible Officials

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

FINDING 2023-002

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): FY2022, FY2023
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

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

Condition and Context

Prior to entering into subawards and covered transactions with program 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 non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAM exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the School Corporation, in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not adequate procedures in place. The School Corporation verified that contractors were not suspended or debarred on a yearly basis, in June; however, this did not ensure the verification was performed of all required contractors, prior to entering into a covered transaction. One covered transaction that equaled or exceeded \$25,000, paid from Child Nutrition Cluster funds, was identified. The one transaction, totaling \$43,599, was selected for testing. The School Corporation did not verify the vendor's suspension and debarment status prior to payment.

The lack of internal controls was a systemic issue throughout the audit period, the noncompliance was an issue in 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 intend to do business is not excluded or disqualified. You do this by:

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

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

Cause

A proper system of internal controls was not implemented 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 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 to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any covered transactions.

Views of Responsible Officials

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

FINDING 2023-003

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, COVID-19 - Individuals
with Disabilities Education Act of 2021 (ARP)

Assistance Listings Numbers: 84.027, 84.027X

Federal Award Numbers and Years (or Other Identifying Numbers): 23611-048-PN01, 22611-048-ARP

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation is a member of the Ripley-Ohio-Dearborn Special Education Cooperative (Cooperative). As the grant agreements were between the Indiana Department of Education and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

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

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

Procurement

Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. If it is determined a single source provider can be used for a small purchase, documentation must be retained supporting the determination.

Two vendors exceeded the small purchase threshold during the audit period. Both vendors were selected for testing. In both cases, the Cooperative had determined the curriculum and materials that were purchased, totaling \$109,322, were to be provided by a single source provider; however, they did not have a documented rationale or support for the decision. Documentation detailing the history of procurement, which must include the reason for the procurement method used, selection of the vendor, and the basis for the price, was not available for audit for either purchase.

Suspension and Debarment

Prior to entering into subawards and covered transactions with SPED 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 person, or adding a clause or condition to the covered transaction with that person.

Two covered transactions were identified that equaled or exceeded \$25,000. Both transactions, totaling \$109,322 were selected for testing. For the noted transactions, the Cooperative did not verify the vendor's suspension and debarment status prior to payment due to the Cooperative not having any policies or procedures in place to verify that contractors were neither suspended nor debarred, or otherwise excluded or disqualified from participating in federal assistance programs or activities.

The lack of internal controls and noncompliance were isolated to fiscal year 2022-2023 and the 23611-048-PN01 and 22611-048-ARP grants.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320 states in part:

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

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

(1) *Small purchases* —

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

2 CFR 180.300 states:

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

(a) Checking SAM Exclusions; or

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

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

Cause

A proper system of internal controls was not implemented 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 implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, adequate documentation was not retained for procurements that fell within the small purchase threshold and vendors to whom payments equal to or in excess of \$25,000 were made, were not verified to be not suspended, debarred, or otherwise excluded.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure all required documentation is retained and provided for small purchases and to ensure contractors and subrecipients, as appropriate are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

Views of Responsible Officials

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

FINDING 2023-004

Subject: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
Assistance Listings Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 21611-048-PN01, 22611-048-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

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

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-001.

Condition and Context

The School Corporation is a member of the Ripley-Ohio-Dearborn Special Education Cooperative (Cooperative). During fiscal years 2021-2022 and 2022-2023, the Cooperative operated the special education programs and spent the federal money for earmarked expenditures on behalf of 3 of the 6 member schools. As the grant agreement was between the Indiana Department of Education (IDOE) and the member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for nonpublic school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure nonpublic school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 21611-048-PN01 and 22611-048-PN01 grant awards could not be verified for the individual member schools. The nonpublic school share funds for the participating member schools were allocated based on the yearly budget for certified staff instead of time charged to the nonpublic schools. These allocations were the amounts reported to the IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance was isolated to the 21611-048-PN01 and 22611-048-PN01 grant awards.

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(g) Be adequately documented. . . ."

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

2 CFR 200.208(b) states in part: "The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure non-public proportionate share funds are appropriately allocated to the member school based on expenses charged directly on behalf of the member school. Supporting documentation for these expenses should be retained for audit.

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.



SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

"Home of the Raiders"

Robert D. Moorhead, Superintendent

Lana M. Miller, Business Manager

207 W. Tyson Street, PO Box 690, Versailles, IN 47042
(812) 689-6282
(812) 689-6760 (Fax)
www.sripley.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: FY2021

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

Finding Subject: Special Education: Matching, Level of Effort and Earmarking Compliance

Summary of Finding: The ROD Special Education Cooperative did not have adequate procedures in place to ensure the level of expenditures for nonpublic school students with disabilities were met, appropriately identified, and reported for each member school.

Status of Audit Finding: Partially Corrected.

Response Comments: Fully Corrected as of FY23 - Per a 2/5/2024 email from Marcia Fullenkamp, ROD Treasurer stated the following: Each staff member that is servicing a non-public school records their time according to each school with the amount of time at each location. Once they turn the information into Marcia Fullenkamp, she then charges the appropriate amount of salary and benefits to the ROD federal budget using account information for each participating corporation.

FINDING 2021-002

Fiscal year in which the finding initially occurred: FY2019

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

Finding Subject: Procurement and Suspension and Debarment

Summary of Finding: The Wilson Education Center was not obtaining and/or sending to participating schools the procurement contracts and Suspension and Debarment compliance paperwork. Additionally, when procurement contracts were extended on their bread and dairy bids for 2019-2020, new contracts were not issued, thus resulting in issues of noncompliance.

Status of Audit Finding: Fully Corrected.

Response Comments: We received documents from the Wilson Education Center that showed bids were proper. The Wilson Center corrected their Food Service Authority classification as a Cooperative with the IDOE.

FINDING 2021-003

Fiscal year in which the finding initially occurred: FY2015

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

Finding Subject: Special Tests & Provisions: Verification of Free and Reduced Applications for National School Lunch Program

Summary of Finding: Partially Corrected.

Status of Audit Finding: Partially corrected. We had fully corrected the verification issues per the response and evidence review completed by Joe Olivadoti, Financial Specialist on May 27, 2020. However, this process was not properly implemented for FY23.

Response Comments: For FY 23, due to a staff resignation, a new staff person is in place performing the verifications. Although all regular Free and Reduced Applications were reviewed and signed off by two people, our required verifications for FY23 that consisted of two families did not have the second person review signature on it. Additionally, the new staff member made the change from free/reduced to paid in the application section for student data, but our computer system does not change the student to paid status on this screen. This should have been done on a different screen.



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CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement.

Based upon the number of approved applications on file on October 1, the School Corporation was required to select a sample of three applications for fiscal year 2022-2023 that were approved for free and reduced price meals, to verify the applicants' eligibility for the benefits received. The School Corporation requested income documentation from each applicant to perform the verifications as required. The School Corporation did not receive a response from any of the applicants. As a result, the student included in each application should have had a change in status from free or reduced to paid. However, for two of the applicants, the student was flagged in the system as no response, but the students' statuses were not updated to reflect that each was no longer eligible for free or reduced price meals.

Contact Person Responsible for Corrective Action: Lana M. Miller

Contact Phone Number and Email Address: Phone Number- 812-689-6282

Email- lmiller@sripley.k12.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

This finding was a result of a new staff person in the position working with software that was new to her. It was noted by the auditor that the application status was changed to paid in the verification status. The staff person involved did not know that she needed to make another change in the software other than changing the application status. We have discussed with the person responsible for this regarding the needed two-step process to change a student's status. Additionally, the staff person has set up a process for segregation of duties. A second person will be reviewing the screens after verification changes are made. This person will also sign off on the paper/report to show the second review and segregation of duties.

Anticipated Completion Date:

Immediately, February 2024

FINDING 2023-002

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

Summary of Finding:

Prior to entering into subawards and covered transactions with program 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 non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAM exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the School Corporation, in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not adequate procedures in place to ensure this. While the suspension and debarment report is run on a yearly basis in June, this was not adequate to ensure that this verification was performed prior to a covered transaction being entered into. One covered transaction that equaled or exceeded \$25,000, paid from Child Nutrition Cluster funds, was identified. The one transaction, totaling \$43,599.31, was selected for testing. The School Corporation did not verify the vendor's suspension and debarment status prior to payment.

Contact Person Responsible for Corrective Action: Lana M. Miller
Contact Phone Number and Email Address: Phone Number-812-689-6282
Email- lmiller@sripley.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan: We will amend our current process of running Suspension and Debarment inquiries from annually in June each year to every six months and prior to check issuance when over \$25,000 from federal funds.

Anticipated Completion Date: Immediately, February 2024

FINDING 2023-003

Finding Subject: Special Education Cluster (IDEA) – Procurement and Suspension and Debarment

Summary of Finding:

Procurement

Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. If it is determined a single source provider can be used for a small purchase, documentation must be retained supporting the determination. The Cooperative did not adhere to the requirements necessary for them to be in compliance with the procurement of small purchases during the audit period.

Suspension and Debarment

The School Corporation did not have internal controls in place to ensure compliance with the suspension and debarment requirement. The Cooperative did not have adequate internal controls in place to ensure all applicable vendors were not suspended or debarred prior to entering into a covered transaction. As such, the Cooperative never entered into a contract, although their payments to the vendor exceeded \$50,000. The

Cooperative did not perform procedures to ensure that the vendor was not suspended or debarred from participation in federal programs.

Contact Person Responsible for Corrective Action: Lana M. Miller

Contact Phone Number and Email Address: Phone Number-812-689-6282

Email- lmiller@sripley.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The ROD Special Education Cooperative will make notes in the Board Minutes regarding the fact that only one vendor can provide specific services prior to entering into a contract or purchasing said services. Each company providing services will be checked on the SAM.gov website to ensure that the vendor has not been suspended or debarred. This documentation will be provided to the ROD board for review, and our Superintendent is a member of that board.

Anticipated Completion Date: February 1, 2024

FINDING 2023-004

Finding Subject: Special Education Cluster (IDEA) – Earmarking

Summary of Finding:

The Non-Public Proportionate Share expenditures for the 21611-048-PN01 grant award could not be verified for the individual member schools. The non-public school share funds for the participating member schools were allocated based on the yearly budget for certified staff instead of time charged to the non-public schools. These allocations were the amounts reported to IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to IDOE as required.

Contact Person Responsible for Corrective Action: Lana M. Miller

Contact Phone Number and Email Address: Phone Number-812-689-6282

Email- lmiller@sripley.k12.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

Expenses for non-public schools are tracked and charged to the appropriate corporation. Staff record time spent at each non-public school, sign and date the form and turn it into the treasurer. The expenses are then moved to the correct expense line on the grant after receiving this information. Materials that are purchased are charged to the correct expense account when paid. ROD's treasurer will prepare a report showing compliance with the earmarking requirement on a monthly basis. These reports will be provided to the ROD board for review, and our Superintendent is a member of that board.

Anticipated Completion Date: July 1, 2023

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/>.