

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

LINTON-STOCKTON SCHOOL CORPORATION

GREENE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carla Gambill	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Kathy Goad	07-01-21 to 06-30-24
President of the School Board	John Preble Katie Elliott Dr. Eric Wilson	07-01-21 to 12-31-21 01-01-22 to 05-31-23 06-01-23 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 LINTON-STOCKTON SCHOOL
CORPORATION, GREENE 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 Linton-Stockton School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 18, 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Linton-Stockton School Corporation's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 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 LINTON-STOCKTON SCHOOL CORPORATION, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Linton-Stockton 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.

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)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2023-002 and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control over Compliance

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

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated March 18, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 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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LINTON-STOCKTON 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	2021-2022	-	\$ 103,052	-	-	
School Breakfast			2022-2023	-	-	-	70,845	
School Breakfast					-	-	-	-
Total - School Breakfast Program				-	103,052	-	70,845	
National School Lunch Program								
School Lunch	Indiana Department of Education	10.555	2021-2022	-	446,019	-	-	
School Lunch			2022-2023	-	-	-	333,756	
School Lunch - Snack			2021-2022	-	15,393	-	-	
School Lunch - Snack			2022-2023	-	-	-	15,450	
School Lunch - Supply Chain Assistance			2022-2023	-	-	-	76,434	
Commodities			2021-2022	-	54,874	-	-	
Commodities		2022-2023	-	-	-	34,612		
Subtotal - National School Lunch Program				-	516,286	-	460,252	
COVID-19 - National School Lunch Program								
School Lunch - COVID - 19	Indiana Department of Education	10.555	2021-2022	-	27,756	-	-	
Total - National School Lunch Program				-	544,042	-	460,252	
Total - Child Nutrition Cluster				-	647,094	-	531,097	
Community Facilities Loans and Grants Cluster								
Community Facilities Loans and Grants	Direct Grant	10.766		-	50,000	-	-	
USDA Community Facilities Grant - Playground					-	-	-	-
					-	-	-	-
Total - Community Facilities Loans and Grants				-	50,000	-	-	
Total - Community Facilities Loans and Grants Cluster				-	50,000	-	-	
Pandemic EBT Administrative Costs								
PEBT Local Admin Costs	Indiana Department of Education	10.649	2021-2022	-	614	-	-	
PEBT Local Admin Costs			2022-2023	-	-	-	628	
Total - Pandemic EBT Administrative Costs				-	614	-	628	
Total - Department of Agriculture				-	697,708	-	531,725	
<u>Federal Communications Commission</u>								
Emergency Connectivity Fund Program	Direct Grant	32.009		-	552,000	-	-	
Emergency Connectivity Grant					-	-	-	-
Total - Federal Communications Commission				-	552,000	-	-	

LINTON-STOCKTON 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						
Special Ed		84.027	19611-022-PN01	-	7,271	-	-
Special Ed			20611-022-PN01	-	4,737	-	-
Special Ed			21611-022-PN01	-	60,849	-	8,009
Special Education			22611-022-PN01	-	258,806	-	54,384
Special Education			23611-022-PN01	-	-	-	189,551
Subtotal - Special Education Grants to States				-	331,663	-	251,944
COVID-19 - Special Education Grants to States	Indiana Department of Education						
Special Education		84.027X	22611-022-ARP	-	-	-	58,116
Total - Special Education Grants to States				-	331,663	-	310,060
Special Education Preschool Grants	Indiana Department of Education						
Special Education		84.173	20619-022-PN01	-	1,322	-	-
Special Ed			21619-022-PN01	-	473	-	261
Special Ed			22619-022-PN01	-	6,496	-	1,628
Special Education			23619-022-PN01	-	-	-	5,147
Subtotal - Special Education Preschool Grants				-	8,291	-	7,036
COVID-19 - Special Education Preschool Grants	Indiana Department of Education						
Special Education		84.173X	22619-022-APR	-	-	-	2,099
Total - Special Education Preschool Grants				-	8,291	-	9,135
Total - Special Education Cluster (IDEA)				-	339,954	-	319,195
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I		84.010	S010A190014	-	20,667	-	-
Title I			S010A200014	-	103,396	-	-
Title I			S010A210014	-	223,172	-	19,613
Title I			S010A220014	-	-	-	225,772
Total - Title I Grants to Local Educational Agencies				-	347,235	-	245,385
Rural Education	Indiana Department of Education						
Rural and Low Income Schools Grant FY18		84.358B	S424A180015	-	15,859	-	-
Rural and Low Income Schools Grant FY19			S424A190015	-	27,092	-	-
Rural and Low Income Schools Grant FY20			S358B200014	-	31,273	-	-
Total - Rural Education				-	74,224	-	-

LINTON-STOCKTON 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
Supporting Effective Instruction State Grants							
(formerly Improving Teacher Quality State Grants)							
	Indiana Department of Education						
Title II FY18		84.367	S367A180013	-	23,791	-	-
Title II			S367A190013	-	40,592	-	-
Title II			S367A200013	-	-	-	44,968
Title II FY21			S367A210013	-	-	-	38,805
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	64,383	-	83,773
Student Support and Academic Enrichment Program							
(formerly Improving Teacher Quality State Grants)							
	Indiana Department of Education						
Title IV Innovation Grant		84.424	S424A190015	-	21,990	-	-
Title IV			S424A200015	-	10,361	-	-
Title IV			S424A210015	-	-	-	21,179
Title IV			S424A220015	-	-	-	18,657
Total - Student Support and Academic Enrichment Program				-	32,351	-	39,836
COVID-19 - Education Stabilization Fund							
(formerly Improving Teacher Quality State Grants)							
	Indiana Department of Education						
CARES - Federal Stimulus - Education Stabilization		84.425	S425D200013	-	117,236	-	45,161
ESSER II		84.425D	S425D210013	-	185,569	-	128,486
ESSER III		84.425U	S425U210013	-	599,300	-	424,682
Total - COVID-19 - Education Stabilization Fund				-	902,105	-	598,329
Total - Department of Education				-	1,760,252	-	1,286,518
Department of Health and Human Services							
Medicaid Cluster							
	Indiana Family and Social Services Administration						
Medical Assistance Program		93.778	FY22	-	12,043	-	-
Medicaid			FY23	-	-	-	21,400
Medicaid				-	-	-	-
Total - Medical Assistance Program				-	12,043	-	21,400
Total - Medicaid Cluster				-	12,043	-	21,400
Total - Department of Health and Human Services				-	12,043	-	21,400
Total federal awards expended				\$ -	\$ 3,022,003	\$ -	\$ 1,839,643

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

LINTON-STOCKTON 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. Greene-Sullivan Special Education Cooperative

The School Corporation is a member of the Greene-Sullivan 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.

LINTON-STOCKTON 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	Unmodified Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement, were not effective.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although the Treasurer compiled, reviewed, and entered the School Corporation's financial information into Gateway, and the Superintendent of Schools reviewed and certified the information entered was accurate, the internal control was not effective and did not detect or correct errors prior to submission.

Due to the lack of effective internal controls, the financial statement did not properly reflect the financial activity of the School Corporation. A scholarship investment of \$400,000 was omitted from the beginning cash and investments balance of the Beecher Family Scholarship fund as of July 1, 2021. As such, the cash and investments balances at June 30, 2022 and 2023, were each understated by \$400,000. A complete reconciliation of all bank accounts and investments was not performed causing the omission of the investment to go undetected.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a system of internal controls that would have ensured proper reporting of the financial statements.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, material misstatement of the financial statement remained undetected. The financial statement contained errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

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,
COVID-19 - National School Lunch Program
Assistance Listings Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2021-2022, 2022-2023
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

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 related to the Procurement and Suspension and Debarment compliance requirement.

Procurement

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000 unless a lower, more restrictive threshold is set by a non-federal entity. As Indiana Code has set a more restrictive threshold of \$150,000, informal procurement methods are permitted when the value of the procurement does not exceed \$150,000. 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.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The population for those procurements that fell within the small purchases range consisted of four vendors with a total purchased amount from those vendors of \$314,783. All four vendors were selected for testing. The School Corporation provided documentation detailing the history of procurement for two of the four vendors; however, a contract as required was not awarded to these vendors. The total amount spent with the two vendors was \$247,825.

The lack of internal controls and noncompliance were isolated to the two vendors identified above.

Suspension and Debarment

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed that the Director of School Finance verified applicable vendors were not suspended or debarred from participation in federal programs prior to entering into a covered transaction. However, the Director of School Finance verified the vendors' status without a system of oversight or review to ensure compliance prior to payment.

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). . . ."

2 CFR 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-22-8-3 states in part:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

Cause

A proper system of internal controls, which would include segregation of key functions, 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. As a result, procurement procedures for goods and services were not adhered to.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions or 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 proper procurement procedures are followed. In addition, we recommended that management of the School Corporation establish a proper system of internal controls, including policies that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place prior to payment of covered transactions.

Views of Responsible Officials

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

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-003

Subject: Child Nutrition Cluster - Eligibility, 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): 2022-2023

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

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

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 related to the eligibility determination of a child receiving meals and to the verification of free and reduced price applications.

Eligibility

Any child enrolled in a participating school who meets the applicable program's definition of "child," may receive meals under the applicable program. In the case of the National School Lunch Program and the School Breakfast Program, children belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at reduced price. Children who have been determined ineligible for free or reduced-price school meals pay the full price, set by the School Food Authority, for their meals. Children attending SFSP meal service sites receive their meals at no charge. As a general rule, a child's eligibility for free or reduced-price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies, institutions, and sponsors then determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Additionally, a child may be direct certified. For a direct certification, annual eligibility determinations are based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program (ALN 93.600), or, under most circumstances, the TANF program (ALN 93.558). A household may furnish documentation of its participation in one of these programs; or the school, institution, or sponsor may obtain the information directly from the state or local agency that administers these programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application.

The system parameters, including income guidelines, were entered by the software vendor without a documented review or oversight process by the School Corporation to ensure the parameters entered were accurate.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

In addition, the Director of Food Service and the Student Data Coordinator were responsible for processing on-line and paper application eligibility in the School Corporation's software system (Harmony). The Director of School Finance was responsible for randomly reviewing the eligibility status of on-line and paper applications; however, documentation of which applications were reviewed was not maintained. Therefore, we could not determine if there was an oversight, review, or approval process to ensure that eligibility determinations were correct.

Finally, the Student Data Coordinator was responsible for generating and inputting the Direct Certification Reports into the School Corporation's software system (Harmony). There was no evidence of an oversight, review, or approval process to ensure that the Direct Certification Reports were generated and input into the system.

Special Tests and Provisions - Verifications of Free and Reduced Price Applications (NSLP) (Applies to National School Lunch Program only)

By November 15 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 1.

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.

The Student Data Coordinator was responsible for performing the required verification of three free and reduced price applications. There was no documentation of an oversight, review, or approval process to ensure that the verifications were properly performed.

The lack of internal controls was isolated to fiscal year 2022-2023.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

A proper system of internal controls, which would include segregation of key functions, was not implemented 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.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

FINDING 2023-004

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 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 reports were prepared by one employee without an oversight or review process in place to prevent, or detect and correct, errors.

Due to the lack of internal controls, the ESSER III, Year 1 Report had the following errors:

- The key line items "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports)(exclusive of amount expended toward required set-aside to address learning loss) - Supplies" and "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports)(amount expended toward required set-aside to address learning loss) - Supplies" reported an expended amount of \$285,111; however, the amount was only encumbered in the ledger, not actually expended.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue throughout the audit period. The lack of noncompliance was isolated to the ESSER III, Year 1 report.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.334 states in part:

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

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

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

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

Cause

A proper system of internal controls, which would include segregation of key functions, 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.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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, the amount expended for two key line items was not supported by the ledger.

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 reports submitted on behalf of the COVID-19 - Education Stabilization Fund program funds are accurate and complete.

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: 2021

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

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

Summary of Finding:

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

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The Governor's Emergency Education Relief (GEER) Fund portion of the COVID-19 Education Stabilization Fund was omitted, which resulted in expenditures being understated by \$316,740.
2. Several other grants had individual immaterial errors or omissions that resulted in a combined misstatement of \$14,508.
3. Other errors and omissions included incorrect program names, assistance listing numbers, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Status of Audit Finding:

1. Fully corrected and the original corrective action was implemented.
2. Fully corrected and the original corrective action was implemented.
3. Fully corrected and the original corrective action was implemented.

Response Comments:

None

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2021

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

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

Summary of Finding:

An effective system of internal control was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not designed or implemented a system of internal control to ensure disbursements to contracted vendors agreed to the contracted price. For 7 of 22 contracted vendor disbursements tested, incorrect rates were paid.

The lack of internal controls and noncompliance was isolated to one vendor.

Status of Audit Finding:

Fully corrected and the original corrective action was implemented.

Response Comments:

None

FINDING 2021-003

Fiscal year in which the finding initially occurred: 2021

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

Finding Subject: Child Nutrition Cluster – Cash Management, Eligibility, Procurement and Suspension and Debarment

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, and Procurement and Suspension and Debarment compliance requirements.

Cash Management – The School Corporation had not designed or implemented a system of internal control to ensure reimbursement requests were accurately submitted. The Food Service Director prepared the reimbursement requests based on meals served without an oversight or review process.

Eligibility – The Food Service Director ran the direct certification match report monthly from the Indiana Department of Education and uploaded it to the school lunch system. The School Corporation did not have a proper system of oversight or review to ensure that all students on the direct certification match report were entered accurately in the software system.

Procurement and Suspension and Debarment – The Food Service Director was responsible for ensuring that the proper procurement method was used for small and micro purchase thresholds. The Food Service Director obtained the documentation for the procurement method used without an oversight or review process.

The Food Service Director was responsible for ensuring that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs. The Food Service Director obtained the appropriate documentation for suspension and debarment without an oversight or review process.

Status of Audit Finding:

Cash Management - Fully corrected and the original corrective action was implemented.

Eligibility – Partially corrected (see Response Comments).

Procurement and Suspension and Debarment – Partially corrected (see Response Comments).

Response Comments:

Eligibility – The corrective action was not fully corrected as a result of numerous staffing changes during the audit period. We continue to progress toward complete corrective action.

Procurement and Suspension and Debarment – The corrective action was not fully corrected as a result of numerous staffing changes during the audit period. We continue to progress toward complete corrective action.



CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

The School Corporation failed, due to the lack of effective internal controls, to accurately reflect a scholarship investment of \$400,000 in the beginning cash and investments balance of the Beecher Family Scholarship fund as of July 1, 2021. An adjustment was made to the June 30, 2023, financial statement during the audit.

Contact Person Responsible for Corrective Action:

Carla Gambill

Contact Phone Number and Email Address:

812-847-6020 ext. 1004
cgambill@lssc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Annual Financial Report beginning and ending balances will include the amount of any investment held by the school corporation. To ensure that this corrective action is enforced, the Director of School Finance will provide to the Superintendent, or his or her designee, the annual financial report, along with supporting documentation to review to ensure the information provided on the Annual Financial Report is accurate. The Director of School Finance and the Superintendent, or his or her designee, will initial and date a hard copy of the Annual Financial Report evidencing the review and accuracy of the report.

Anticipated Completion Date:

A correction has been made to the June 30, 2023, financial statement and investments; and will be correctly accounted for on all financial statements moving forward beginning with the June 30, 2024 financial statement.



CORRECTIVE ACTION PLAN

FINDING 2023-002

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

Summary of Finding:

Procurement

The School Corporation failed to award contracts to four vendors totaling \$314,783, which were considered small purchases. For small purchases of over \$10,000 but less than \$150,000, an informal process allows securing rate quotations from an adequate number of sources; however, the process still requires a written contract between the vendor and the school corporation.

Suspension and Debarment

The School Corporation failed, due to the lack of effective internal controls, to provide adequate oversight of the suspension/debarment process to ensure compliance to the process prior to paying vendors that were expected to be paid an amount equal to or exceeding \$25,000.

Contact Person Responsible for Corrective Action:

Carla Gambill

Contact Phone Number and Email Address:

812-847-6020 ext. 1004

cgambill@lssc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Procurement

When quotes for small purchases are received, the Director of School Finance will acknowledge a quote provided by a vendor that will be accepted by the corporation by written letter acknowledging the school corporation's acceptance of the quote. The contract as well as the quote will be retained by the Director of School Finance and the Director of Food Services for comparison to invoices.

Suspension and Debarment

On an annual basis, all vendors that are expected to be paid in excess of \$25,000 will be searched by the Director of School Finance for suspension or debarment or the vendor will provide certification, either as a separate document, or as part of a written contract, that the vendor is not excluded or disqualified to receive federal funds. Those searches or other documentation will be reviewed by the Superintendent and acknowledged by signature.

Anticipated Completion Date:

This Corrective Action Plan will be put in effect March 2024.



CORRECTIVE ACTION PLAN

FINDING 2023-003

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

Summary of Finding:

Eligibility

The School Corporation failed, due to the lack of internal controls, to provide adequate oversight to ensure that the parameters that were entered into the student information software system were accurate.

The School Corporation failed to maintain adequate documentation of the on-line and paper applications that were reviewed so that documentation was available for audit.

The School Corporation failed, due to the lack of internal controls, to provide adequate oversight of the direct certification process to ensure that the Direct Certification Reports were generated and input accurately into the student information software system.

Verifications of Free and Reduced Price Applications

The School Corporation failed, due to the lack of internal controls, to provide adequate oversight to ensure that the verification process was properly performed.

Contact Person Responsible for Corrective Action:

Carla Gambill

Contact Phone Number and Email Address:

812-847-6020 ext. 1004
cgambill@lssc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Eligibility - Income guidelines will be entered by the Director of Food Services and reviewed by the Director of School Finance to ensure accuracy. Review by the Director of School Finance will be noted on the July monthly checklist completed by the Director of School Finance.

Direct certification - The direct certification process will be completed monthly by the Director of Food Services and will be reviewed by the Director of School Finance. Review by the Director of School Finance will be noted on the monthly checklist completed by the Director of School Finance.

Review of Applications - The Director of Food Services will compile and maintain a spreadsheet of all free and reduced applications received. The spreadsheet will include pertinent information from the application as well as information regarding what benefits were assigned to the student based on the application. The spreadsheet will be reviewed periodically by the Director of School Finance and that review will be documented on the spreadsheet.

Verification - Verification will be completed by the Student Data Coordinator and a review of the verification documentation will be completed by the Director of Food Services evidenced by signature on the documentation.

Anticipated Completion Date:

This Corrective Action Plan will be put in effect March 2024.



CORRECTIVE ACTION PLAN

FINDING 2023-004

Finding Subject: COVID 19 - Education Stabilization Fund - Reporting

Summary of Finding:

The School Corporation failed, due to the lack of internal controls, to ensure that the ESSER annual data reports were complete and accurate prior to submission and that the reports had sufficient oversight to prevent, or detect and correct, errors.

Contact Person Responsible for Corrective Action:

Carla Gambill

Contact Phone Number and Email Address:

812-847-6020 ext. 1004
cgambill@lssc.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Director of School Finance will prepare the annual data reports to be reported to the IDOE by using records that accumulate or summarize the data. Prior to the submission of the reports, the Superintendent, or his or her designee, will review the records and annual data report. The Director of School Finance and the Superintendent, or his or her designee, will initial and date a hard copy of the report to ensure accuracy and completeness.

Anticipated Completion Date:

This Corrective Action Plan will be put in effect April 2024 or when the next annual data reports are prepared.

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/>.