

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

LAKELAND SCHOOL CORPORATION

LAGRANGE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**

03/19/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kirby Doidge (Vacant) Jamesi Lemon	07-01-21 to 01-14-22 01-15-22 to 01-16-22 01-17-22 to 06-30-24
Superintendent of Schools	Greg Baker Traci Blaize (interim) Traci Blaize	07-01-21 to 08-01-22 08-02-22 to 10-02-22 10-03-22 to 06-30-24
President of the School Board	David Larimer Brett Bateman	07-01-21 to 12-31-21 01-01-22 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 LAKELAND SCHOOL CORPORATION, LAGRANGE 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 Lakeland 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 7, 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 items 2023-001 and 2023-002, 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 items 2023-001 and 2023-002.

***Lakeland 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 7, 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 LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Lakeland School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 and 2023-006. Our opinion on each major federal program is not modified with respect to these matters.

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

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

**Report on Internal Control over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, and 2023-006, 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 7, 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 7, 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.

LAKELAND 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 Listing 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast FY 2021-2022			FY 2021-2022	\$ -	\$ 218,039	\$ -	\$ -
School Breakfast FY 2022-2023			FY 2022-2023	-	-	-	201,044
Total - School Breakfast Program				-	218,039	-	201,044
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2021-2022	-	804,639	-	-
National School Lunch Program			FY 2022-2023	-	-	-	669,457
National School Lunch Program - Snacks			FY 2022-2023	-	-	-	3,221
National School Lunch - Supply Chain Assistance			FY 2022-2023	-	-	-	87,336
National School Lunch - SNP Emergency Funds			FY 2021-2022	-	41,184	-	-
National School Lunch - Commodities			FY 2021-2022	-	102,114	-	-
National School Lunch - Commodities			FY 2022-2023	-	-	-	104,640
Total - National School Lunch Program				-	947,937	-	864,654
Total - Child Nutrition Cluster				-	1,165,976	-	1,065,698
Pandemic EBT Administrative Costs							
P-EBT Admin Funds	Indiana Department of Education	10.649					
P-EBT Admin Funds			FY 2021-2022	-	614	-	-
P-EBT Admin Funds			FY 2022-2023	-	-	-	628
Total - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	1,166,590	-	1,066,326
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed			19611-044-PN01	-	5,990	-	-
Special Ed			21611-042-PN01	-	9,319	-	4,148
Special Ed			22611-042-PN01	-	445,760	-	12,687
Special Ed			23611-042-PN01	-	-	-	472,733
Subtotal - Special Education Grants to States				-	461,069	-	489,568
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027X					
Special Ed			22611-042-ARP	-	-	-	58,505
Total - Special Education Grants to States				-	461,069	-	548,073
Special Education Preschool Grants							
Special Ed	Indiana Department of Education	84.173					
Special Ed			21619-042-PN01	-	-	-	124
Special Ed			22619-042-PN01	-	17,407	-	-
Special Ed			23619-042-PN01	-	-	-	17,811
Subtotal - Special Education Preschool Grants				-	17,407	-	17,935
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X					
Special Ed			22619-042-ARP	-	-	-	4,987
Total - Special Education Preschool Grants				-	17,407	-	22,922
Total - Special Education Cluster (IDEA)				-	478,476	-	570,995

LAKELAND 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 Listing 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 20-21			S010A200014	-	93,306	-	-
Title I 21-22			S010A210014	-	189,025	-	156,761
Title I 22-23			S010A220014	-	-	-	168,572
Total - Title I Grants to Local Educational Agencies				-	282,331	-	325,333
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			S365A200014	-	3,840	-	298
Title III			S365A210014	-	2,784	-	1,000
Title III			S365A220014	-	-	-	4,666
Total - English Language Acquisition State Grants				-	6,624	-	5,964
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II-A			S367A190013	-	9,861	-	-
Title II-A			S367A200013	-	54,575	-	-
Title II-A			S367A210013	-	4,007	-	59,023
Title II-A 22-24			S367A220013	-	-	-	10,378
Total - Supporting Effective Instruction State Grants				-	68,443	-	69,401
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 19			S424A190015	-	13,416	-	309
Title IV 20			S424A200015	-	2,447	-	25,423
Total - Student Support and Academic Enrichment Program				-	15,863	-	25,732
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Governor's Emergency Education Relief Fund (GEER)		84.425C	S425C200018	-	44,403	-	32,302
Elementary and Secondary School Emergency Relief (ESSER I)		84.425D	S425D200013	-	39,569	-	3,694
Elementary and Secondary School Emergency Relief (ESSER II)		84.425D	S425D210013	-	925,949	-	120,881
Elementary and Secondary School Emergency Relief (ESSER III) (ARP)		84.425U	S425U210013	-	583,112	-	872,743
Total - COVID-19 - Education Stabilization Fund				-	1,593,033	-	1,029,620
Total - Department of Education				-	2,444,770	-	2,027,045
<b>Department of Health and Human Services</b>							
<b>Medicaid Cluster</b>							
Medical Assistance Program							
Medical Assistance - Medicaid	Indiana Family and Social Services Administration	93.778	FY 2022-2023	-	-	-	7,134
Medical Assistance Program	Indiana Department of Education	93.778					
Medical Assistance - MAC			FY 2021-2022	-	2,202	-	-
Medical Assistance - MAC			FY 2022-2023	-	-	-	4,881
Total - Medical Assistance Program				-	2,202	-	12,015
Total - Medicaid Cluster				-	2,202	-	12,015
Total - Department of Health and Human Services				-	2,202	-	12,015
Total federal awards expended				\$ -	\$ 3,613,562	\$ -	\$ 3,105,386

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

LAKELAND 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. Northeast Indiana Special Education Cooperative**

The School Corporation is a member of the Northeast Indiana 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 reported in the financial statement of the Cooperative's fiscal agent.

LAKELAND 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	Unmodified
	COVID-19 - Education Stabilization Fund	Unmodified

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

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

**FINDING 2023-001**

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

*Condition and Context'*

The School Corporation is required to file Annual Financial Reports (AFR) 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 for the AFR, which was used to compile the School Corporation's financial statement, were not effective.

LAKELAND 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 one employee prepared and entered the financial information into Gateway, and another employee reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial statement presented for audit reported three clearing funds used to post bank transfer transactions in the School Corporation's ledger. For fiscal year 2021-2022, these clearing funds overstated the cash and investments beginning balance, total receipts, and total disbursements by \$5,854,532, \$29,408,290, and \$21,236,908, respectively. For 2022-2023, these clearing funds overstated total other financing sources and other financing uses each by \$7,953,000. As a result, the cash and investments ending balances at June 30, 2022, and June 30, 2023, were each overstated by \$14,025,914.

Audit 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](#)."

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 proper system of internal controls that segregated key functions and would have ensured proper posting of financial transactions and allowed for proper financial reporting.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to properly implement internal controls enabled misstatements or irregularities to remain undetected as 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.

**FINDING 2023-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

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

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 controls were not effective and did not detect and allow correction of errors prior to submission.

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

1. The Child Nutrition Cluster expenditures were understated by \$1,135,059 in fiscal year 2021-2022 and \$1,011,058 in 2022-2023.
2. Two grants had individually immaterial errors that resulted in misstatements of expenditures of \$2,816, in total, in 2021-2022.
3. Two grants had individually immaterial errors that resulted in misstatements of expenditures of \$12,643, in total, in 2022-2023.
4. Other errors included incorrect Assistance Listings Numbers, program names, pass-through entities, and identifying numbers.

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

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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 an effective system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the 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.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-003**

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2021-2022, FY 2022-2023  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*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 monthly sponsor claims for reimbursement (Claims).

Claims were submitted to the Indiana Department of Education based upon meals served for the month. The Claims were prepared by one employee without an oversight or review process in place to prevent, or detect and correct, errors.

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management 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 - Equipment and Real Property Management  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425U  
Federal Award Number and Year (or Other Identifying Number): S425U210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. A property record or capital asset listing which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

The School Corporation purchased two assets, totaling \$21,670, which exceeded the School Corporation's capitalization threshold. Both assets were selected for testing. Neither asset was properly added to the capital asset listing.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

2 CFR 200.313(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. . . ."

*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. As a result, assets purchased with federal award dollars were not properly added to the asset listing.

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.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records are maintained.

*Views of Responsible Officials*

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

**FINDING 2023-005**

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 Finding: Material Weakness

*Condition and Context*

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

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

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

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

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

*Effect*

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2023-006**

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425D  
Federal Award Number and Year (or Other Identifying Number): S425D210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The Education Stabilization Fund (ESF) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and further funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) and the American Rescue Plan (ARP) Act, was for the purpose of preventing, preparing for, or responding to the novel coronavirus.

A sample of 26 claims charged to the ESF program for which reimbursement was received during the audit period was selected for testing to verify the expenditures were in conformance with the applicable cost principles. Of the 26 claims tested, 5 were transfers of payroll expenses, totaling \$179,625, into the Esser II fund (ESF fund) for Coronavirus related payroll expenses. Errors as described below were identified when testing the transfers.

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation transferred employee's pay related to sick time due to COVID-19 from the paying funds to the ESF fund. Several employees' pay was not able to be recalculated. The School Corporation provided documentation supporting the employees' pay; however, the recalculation of that pay did not equal the amount transferred into the ESF Fund. The total calculated variances were \$8,300. This amount was considered questioned costs.

In addition, several employees' pay did not have appropriate supporting documentation to substantiate payment of their payroll with ESF funds. This included the payment of substitute teachers without documentation of the person paid and the payment of sick days when the school was closed. Total payroll that was not substantiated was \$24,769. This amount was considered questioned costs.

The ineffective internal controls were a systemic issue throughout the audit period. The noncompliance was isolated to the items noted above.

*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 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

LAKELAND SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

A proper system of internal controls was not designed by management of the School Corporation. 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 control, 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, documentation could not be provided to support amounts charged to the grant.

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*

Known questioned costs of \$33,069 were identified as detailed in *Condition and Context*.

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure amounts charged to the grant are properly recorded and approved to support the amounts paid from the COVID-19 - Education Stabilization Fund program.

*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.



# Lakeland School Corporation



0825 East 075 North  
LaGrange, IN 46761  
Phone: 260-499-2400 Fax: 260-463-4800

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2021-001***

**Fiscal year in which the finding initially occurred: 2021**  
**Current Audit Period: 7/1/21-6/30/23**

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

No established effective internal controls over the information entered into the Indiana Gateway.

**Status of Audit Finding:**  
Partially Corrected

### **Response Comments:**

While the SEFA is being reviewed and signed off by the Superintendent or Deputy Treasurer, some of the federal funds were not included in the previous two SEFA. A review of our receipts will be conducted to ensure all federal funds are identified and included on the SEFA. The identified funds will be entered into a spreadsheet and used to complete the SEFA. The reviewer will use the spreadsheet to verify that all federal funds are included on the SEFA.

### ***FINDING 2021-002***

**Fiscal year in which the finding initially occurred: 2021**  
**Current Audit Period: 7/1/2021-6/30/2023**

**Finding Subject: Title I Grants to Local Educational Agencies – Level of Effort – Supplement not Supplant**  
**Summary of Finding:**

The School Corporation had a required allocation of \$500 to spend, per grant year, for District Level Homelessness. The School Corporation was unable to provide documentation as to whether the required allocation was spent.

**Status of Audit Finding:**  
Fully Corrected and the original corrective action was implemented.

***FINDING 2021-003***

**Fiscal year in which the finding initially occurred: 2021**

**Current Audit Period: 7/1/21-6/30/23**

**Finding Subject:** Title I Grants to Local Educational Agencies – Special Tests and Provisions - Assessment System Security

**Summary of Finding:**

One of the schools in the School Corporation did not maintain testing security and integrity agreements signed by the staff members. As such, we were unable to determine if the School Corporation's staff members received the required test administration and test security training as required.

**Status of Audit Finding:**

Fully Corrected and the original corrective action was implemented.



# Lakeland School Corporation



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LaGrange, IN 46761  
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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-001***

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:**

The School Corporation did not have effective internal controls over the Annual Financial Report (AFR). Due to including clearing account funds in the AFR, beginning cash, receipts and disbursements were overstated in 2021-2022.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon

**Contact Phone Number and Email Address:** (260) 499-2400; jlemon@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

The Director of Business Operations will print the latest AFR guide from the State Board of Accounts to use as a reference will completing the AFR. The Director of Business Operations will ensure the reviewers (Superintendent and Deputy Treasurer) are familiar with the guidelines in AFR reporting, so we can have effective internal controls over the AFR.

**Anticipated Completion Date:**

July 31, 2024

### ***FINDING 2023-002***

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

**Summary of Finding:**

The School Corporation does not have effective internal controls over the Schedule of Expenditures of Federal Awards (SEFA). The Child Nutrition Cluster expenditures were understated and additional grants were understated. This is a repeat finding.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon

**Contact Phone Number and Email Address:** (260) 499-2400; jlemon@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

While the SEFA is being reviewed and signed off by the Superintendent or Deputy Treasurer, some of the federal funds were not included in the previous two SEFAs. A review of our receipts will be conducted to ensure all federal funds are identified and included on the SEFA. The identified funds will be entered into a spreadsheet and used to complete the SEFA. The reviewer will use the spreadsheet to verify that all federal funds are included on the SEFA.

**Anticipated Completion Date:**

July 31, 2024

***FINDING 2023-003***

**Finding Subject:** Child Nutrition Cluster-Reporting

**Summary of Finding:**

The School Corporation did not have effective internal controls over the Child Nutrition Cluster (CNC) reporting. The Claims for Reimbursement were prepared by one employee and not reviewed by a second employee to ensure compliance.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon

**Contact Phone Number and Email Address:** (260) 499-2400; jlemon@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

The Claims for Reimbursement will be prepared by the Food Service Director and the Director of Business Operations will review the claims for compliance. The claims will then be initialed signaling they have been reviewed.

**Anticipated Completion Date:**

Immediately

***FINDING 2023-004***

**Finding Subject:** COVID-19 Education Stabilization Fund – Equipment and Real Property Management

**Summary of Finding:**

The School Corporation has a lack of internal controls over the asset records. Two floor scrubbers purchased during the audit period were missing from the asset list.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon

**Contact Phone Number and Email Address:** (260) 499-2400; jlemon@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

The Director of Business Operations will maintain a spreadsheet of assets purchased and disposed. The spreadsheet will then be compared to the list completed by the outside asset management company to ensure assets are recorded properly in the records.

**Anticipated Completion Date:**

Immediately

***FINDING 2023-005***

**Finding Subject:** COVID-19 Education Stabilization Fund - Reporting

**Summary of Finding:**

The School Corporation had a lack of internal controls over the ESSER reporting to the IDOE. There was no review process in place to prevent, or detect and correct, errors.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon

**Contact Phone Number and Email Address:** (260) 499-2400; jlemon@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the findings.

**Description of Corrective Action Plan:**

The Director of Business Operations and Director of Staff and Student Success will meet to review the annual data reports for accuracy before they are submitted to the IDOE. The meeting will be logged and reports signed off by both individuals.

**Anticipated Completion Date:**

Immediately

***FINDING 2023-006***

**Finding Subject:** COVID-19 Education Stabilization Fund – Allowable Costs/Cost Principles

**Summary of Finding:**

The School Corporation did not have effective internal controls over the ESSER funds and there was noncompliance in regards to the ESSER funds. Employee pay did not equal what transferred and supporting documentation for substitute pay and payment of sick days when school was closed.

**Contact Person Responsible for Corrective Action:** Jamesi Lemon and Melanie Summers

**Contact Phone Number and Email Address:** (260) 499-2400;  
jlemon@lakelandlakers.net/msummers@lakelandlakers.net

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

A spreadsheet has been created to track the substitutes and the classes they are covering. Pay scales are also now included in the employee handbooks, so pay can be calculated correctly and tracked. Any transfers of payroll expenses are now completed monthly to ensure the correct amounts are being charged to the ESSER funds.

**Anticipated Completion Date:**

Immediately

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.