

STATE BOARD OF ACCOUNTS
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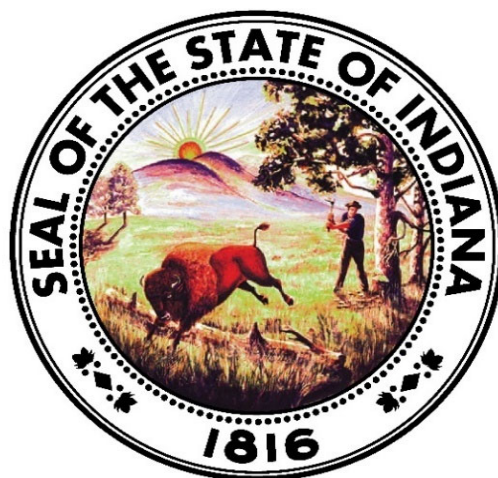
FEDERAL COMPLIANCE AUDIT REPORT

OF

GREATER JASPER CONSOLIDATED SCHOOLS

DUBOIS COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/07/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Monica Young	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Tracy Lorey	07-01-21 to 06-30-24
President of the School Board	Bernard J. Vogler Greg Eckerle	07-01-21 to 12-31-22 01-01-23 to 06-30-24



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

TO: THE OFFICIALS OF THE GREATER JASPER CONSOLIDATED
SCHOOLS, DUBOIS 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 Greater Jasper Consolidated Schools (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 21, 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.

Greater Jasper Consolidated Schools' 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

February 21, 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 GREATER JASPER CONSOLIDATED SCHOOLS, DUBOIS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Greater Jasper Consolidated Schools' (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 2023-005. 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. 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 2023-003, 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 February 21, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 21, 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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GREATER JASPER CONSOLIDATED 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	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program					
	Indiana Department of Education	10.553	FY 2022	\$ 231,063	\$ -
		10.553	FY 2023	-	213,665
				<u>231,063</u>	<u>213,665</u>
Total - School Breakfast Program					
National School Lunch Program					
	Indiana Department of Education	10.555	FY 2022	1,512,435	-
		10.555	FY 2023	-	1,035,223
		10.555	FY 2022	187,670	-
		10.555	FY 2023	-	131,895
		10.555	FY 2022	64,830	-
		10.555	FY 2023	-	158,212
				<u>1,764,935</u>	<u>1,325,330</u>
Total - National School Lunch Program					
Summer Food Service Program for Children					
	Indiana Department of Education	10.559	FY 2022	50,116	-
		10.559	FY 2023	-	20,604
				<u>50,116</u>	<u>20,604</u>
Total - Summer Food Service Program for Children					
Total - Child Nutrition Cluster					
				<u>2,046,114</u>	<u>1,559,599</u>
Pandemic EBT Administrative Costs					
	Indiana Department of Education	10.649	FY 2023	3,063	3,135
				<u>3,063</u>	<u>3,135</u>
Total - Department of Agriculture					
				<u>2,049,177</u>	<u>1,562,734</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States					
	Indiana Department of Education	84.027	20611-009-PN01	13,037	-
		84.027	21611-009-PN01	404,618	-
		84.027	22611-009-PN01	374,585	365,131
		84.027	23611-009-PN01	-	383,386
				<u>792,240</u>	<u>748,517</u>
Subtotal - Special Education Grants to States					
COVID-19 - Special Education Grants to States					
	Indiana Department of Education	84.027X	226611-009--ARP	58,309	112,745
				<u>58,309</u>	<u>112,745</u>
Total - Special Education Grants to States					
				<u>850,549</u>	<u>861,262</u>

GREATER JASPER CONSOLIDATED 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	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 06-30-23
Special Education Preschool Grants	Indiana Department of Education				
FY 2022 Part B 619 Preschool		84.173	21619-009-PN01	3,573	-
FY 2022 Part B 619 Preschool		84.173	22619-009-PN01	20,052	2,296
FY 2023 Part B 619 Preschool		84.173	23619-009-PM01	-	19,298
Subtotal - Special Education Preschool Grants				23,625	21,594
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X			
FY 2022 Part B Preschool ARP			22619-009-ARP	1,648	11,434
Total - Special Education Preschool Grants				25,273	33,028
Total - Special Education Cluster (IDEA)				875,822	894,290
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I		84.010	S010A220014	-	239,332
Title I		84.010	S010A190014	200	-
Title I		84.010	S010A200014	16,453	-
Title I		84.010	S010A210014	264,245	32,796
Total - Title I Grants to Local Educational Agencies				280,898	272,128
Career and Technical Education - Basic Grants to States	Indiana Department of Education				
Perkins Assessment		84.048	21-0512-A047	6,600	-
Perkins		84.048	21-0512-2120	59,600	-
Perkins Assessment		84.048	22-0512-A047	6,000	-
Perkins Basic Grant		84.048	22-0512-B047	178,280	-
Reserve Perkins Grant		84.048	22-0512-R047	-	31,400
Perkins Assessment		84.048	23-0512-A047	-	4,700
Perkins Basic Grant		84.048	23-0512-P047	-	159,040
Total - Career and Technical Education -- Basic Grants to States				250,480	195,140
English Language Acquisition State Grants	Indiana Department of Education				
Title III		84.365	S365A200014	2,079	1,290
Title III		84.365	S365A210014	26,318	2,597
Title III		84.365	S365A220014	-	25,856
Total - English Language Acquisition State Grants				28,397	29,743
Supporting Effective Instruction State Grants	Indiana Department of Education				
Title II		84.367	S367A200013	43,118	231
Title II		84.367	S367A210013	61,490	426
Title II		84.367	S367A220013	-	57,187
Total - Supporting Effective Instruction State Grants				104,608	57,844

GREATER JASPER CONSOLIDATED 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	Total Federal Awards Expended 06-30-22	Total Federal Awards Expended 06-30-23
Student Support and Academic Enrichment Program	Indiana Department of Education				
Title IV		84.424	S424A200015	2,500	41
Title IV		84.424	S424A210015	8,966	12,417
Title IV		84.424	S424A220015	-	19,790
Total - Student Support and Academic Enrichment Program				<u>11,466</u>	<u>32,248</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425			
Cares Education Stabilization Relief Fund		84.425D	S425D200013	568	1,123
CARES ESSER II		84.425D	S425D210013	447,726	406,794
Exceptional Children's Cooperative - ESSER-AIM		84.425D	S425D210013	-	42,724
Exceptional Children's Cooperative - ESSER-PATH		84.425D	S425D210014	-	124,121
Cares Esser III		84.425U	S425U210013	1,159,907	368,036
Total - COVID-19 - Education Stabilization Fund				<u>1,608,201</u>	<u>942,798</u>
Total - Department of Education				<u>3,159,872</u>	<u>2,424,191</u>
<u>Department of Health and Human Services</u>					
CCDF Cluster					
Child Care and Development Block Grant	Direct Grant				
Child Care and Development Block Grant		93.575	2101INCSC6	304,429	45,546
Total - Child Care and Development Block Grant				<u>304,429</u>	<u>45,546</u>
Total - CCDF Cluster				<u>304,429</u>	<u>45,546</u>
Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education				
Medicaid - MAC		93.778	FY 22-23	34,386	25,925
Medical Assistance Program	Indiana Family and Social Services Administration				
Medicaid - IEP		93.778	FY 22-23	56,674	74,406
Total - Medical Assistance Program				<u>91,060</u>	<u>100,331</u>
Total - Medicaid Cluster				<u>91,060</u>	<u>100,331</u>
Total - Department of Health and Human Services				<u>395,489</u>	<u>145,877</u>
Total federal awards expended				<u>\$ 5,604,538</u>	<u>\$ 4,132,802</u>

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

GREATER JASPER CONSOLIDATED SCHOOLS
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 to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Exceptional Children's Cooperative

The School Corporation is a member of the Exceptional Children's Cooperative and serves as the fiscal agent. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

GREATER JASPER CONSOLIDATED SCHOOLS
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
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

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

FINDING 2023-001

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

Condition and Context

The School Corporation had not established effective internal controls over the financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's financial statement.

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 in Gateway and the Superintendent of Schools reviewed and certified the information entered was accurate, the internal control was not effective and did not detect and allow correction of all errors prior to submission.

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of effective internal controls the financial statement presented for audit did not properly reflect the financial activity of the School Corporation. The following errors were noted:

1. The activity of the Construction Fund - 2023 Bond fund was not reported on the financial statement. The School Corporation (Lessee) entered into a Lease Rental agreement on March 28, 2022, with the Greater Jasper School Building Corporation (Building Corporation) for renovation of and improvements to various buildings of the School Corporation. The Building Corporation (Issuer) issued the Greater Jasper School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2023, in the amount of \$40,000,000 on May 11, 2023. Per the Trust Indenture executed on April 1, 2023, between the Greater Jasper School Building Corporation and the Springs Valley Bank and Trust Company, Article II, Section 2.06, stated: "\$10,000,000 of such proceeds will be used to purchase the Real Estate from the Lessee on the closing date of the original bonds." In addition, the Arbitrage Certificate stated, in part 5, "the Issuer is obligated upon the delivery of Bonds to pay and will pay. . . (i) \$10,000,000 to the School Corporation for real estate . . . and (ii) \$25,636,854.17 for the repayment of the Bond Anticipation Notes of 2022. Moneys paid to the School Corporation for real estate will be treated as Available Construction Proceeds and tracked by the School Corporation until spent." \$10,000,000 of the proceeds will be used to purchase the Real Estate from the School Corporation on the closing date of the original bonds. Moneys paid to the School Corporation for real estate will be treated as Available Construction Proceeds and tracked by the School Corporation until spent." On May 11, 2023, \$10,000,000 was deposited into a Greater Jasper Consolidated Schools - Construction bank account. As these funds were considered the responsibility of the School Corporation, they should have been reported on the School Corporation's financial statement.

Failure to report these transactions caused other receipts, other financing sources, and ending cash and investments balance to be understated by \$47,598, \$10,000,000, and \$10,047,598, respectively.

2. The School Corporation did not report all of the activity of the Self-Insurance fund. The School Corporation utilized a third-party administrator to administer the Greater Jasper Consolidated Schools Employee Benefit Trust (Self-Insurance fund). The administrator provided the School Corporation with a detailed reconciliation worksheet showing the trust's monthly income, expenditures, and ending cash balances. There was no evidence of any internal controls, such as an oversight, review, or approval process to verify that the information received from the administrator was accurate or to ensure that the receipts and disbursements of the Self-Insurance fund were recorded in the ledgers of the School Corporation or reported on the financial statement.

Due to the lack of internal controls, for the years ended June 30, 2022 and 2023, the beginning cash and investments balance was understated \$4,076,080 and \$3,586,524, respectively; cash receipts were understated \$5,314,845 and \$6,275,206, respectively; cash disbursements were understated \$5,804,401 and \$6,859,441, respectively; and the ending cash and investments balance was understated \$3,586,524 and \$3,002,289, respectively.

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

GREATER JASPER CONSOLIDATED SCHOOLS
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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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 financial statement.

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.

Auditor's Response

Per the Accounting and Financial Reporting Regulation Manual, each school shall be required to report financial information on a financial statement. All financial information of the entity shall be included on the financial statement even if the activity has not been included in the financial records of the entity.

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The financial information related to the construction project and the self-insurance fund is that of the School Corporation's. The use of other parties, a building corporation or third-party administrator, does not negate the fact that the associated activity is that of the School Corporation's, and, therefore, should be included within the School Corporations records or at a minimum, added to their financial information entered into Gateway.

We reaffirm our finding and will review the status of the finding during our next audit.

FINDING 2023-002

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

Condition and Context

The School Corporation is required to file financial reports not later than 60 days after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed the required reports; 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 the Treasurer, the Food Service Director, the Exceptional Children's Cooperative Financial Manager, and the Superintendent of Schools reviewed and approved the information entered, 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 SEFA presented for audit included the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$220,797.
2. Supporting Effective Instruction State Grants expenditures were understated by \$28,396.
3. Other errors included incorrect program names, identifying numbers, and incorrect pass-through identification numbers.

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

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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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:

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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.
- (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."

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.

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-003

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Number and Year (or Other Identifying Number): FY 2023
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
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 eligibility determination of a child receiving meals.

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. If an application is flagged by the system process, a hold is placed on the application and a manual verification is completed. The manual applications were certified without a documented review or oversight process.

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:

GREATER JASPER CONSOLIDATED SCHOOLS
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). . . ."

Cause

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

Effect

Without the proper 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: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2022, FY 2023
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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.

During fiscal year 2021-2022, the School Corporation had 119 disbursements to 5 vendors, totaling \$95,842, that were considered small purchases. There were 12 transactions from 5 vendors that were selected for testing. For 3 transactions, from 1 vendor, the School Corporation could not provide the procurement history or the rationale for the method of procurement, selection of vendor, and basis for price. The total dollar amount spent with the vendor was \$20,777.

During fiscal year 2022-2023, the School Corporation elected to increase its micro-purchase threshold from \$10,000 to \$50,000. As such micro-purchases were those goods or services purchased that were \$50,000 or under. The School Corporation had 193 disbursements to 23 vendors, totaling \$115,779, that were considered micro-purchases. A total of 20 transactions from 14 vendors were selected for testing. For 2 transactions, from 1 vendor, the School Corporation did not have adequate documentation, including the rationale for the method of procurement, selection of vendor, and basis of price. The total dollar amount spent with the vendor was \$43,928.

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 non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAMs exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Treasurer or Food Service Director verified vendors were not suspended or debarred by either printing a verification from SAM.gov or, if applicable, including a clause in the vendor contract. Three covered transactions that equaled or exceeded \$25,000 were identified. All three transactions, totaling \$389,898, were selected for testing. Two of the three transactions, totaling \$72,883, did not have documentation to show that the School Corporation verified the vendor's suspension and debarment status prior to payment.

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

2 CFR 200.318 states in part:

"(a) 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. . . ."

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

2 CFR 200.320 states in part:

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

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

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(1) *Micro-purchases* –

(ii) *Micro-purchase awards.* Micro-purchases may be awarded without soliciting competitive price or rate quotation if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. . . .

(2) *Small purchases* —

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

2 CFR 180.300 states:

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

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

Cause

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

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

GREATER JASPER CONSOLIDATED SCHOOLS
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 there are appropriate procurement procedures for goods and services and contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

Views of Responsible Officials

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

FINDING 2023-005

Subject: Special Education Cluster (IDEA) - Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 20611-009-PN01, 21611-009-PN01, 21619-009-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation is a member of the Exceptional Children's Co-op (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member schools. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. There was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

The Non-Public Proportionate Share expenditures for the 20611-009-PN01, 21611-009-PN01, and 21619-009-PN01 grant awards could not be verified for the individual member schools. Total grant expenditures were posted as expended. The Non-Public Proportionate Share expenditures were determined by applying a percentage to the non-public school budgeted expenditures. These were the amounts reported to the IDOE. As such, we were unable to identify if the minimum amount per grant awards was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance were isolated to the 20611-009-PN01, 21611-009-PN01, and 21619-009-PN01 grant awards.

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

(g) Be adequately documented. . . ."

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

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

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

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, non-public proportionate share expenditures per member school could not be determined.

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.

GREATER JASPER CONSOLIDATED SCHOOLS
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 non-public proportionate share funds are appropriately allocated to the member school based on expenses charged directly on behalf of the member school. Supporting documentation for these expenses should be retained for audit.

Views of Responsible Officials

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

FINDING 2023-006

Subject: COVID-19 - Education Stabilization Fund - Equipment
and Real Property Management and Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.245D, 84.425U

Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Equipment and Real Property Management, 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.

Equipment and Real Property Management

A physical inventory of equipment is to be performed at least once every two years. The School Corporation hired an outside firm to complete its last biannual inventory and update the capital asset listing. There was no evidence that the School Corporation completed a review or approval of the listing prepared by the outside firm to ensure that it was properly updated and included all necessary information.

Reporting

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. A single employee prepared and submitted each annual data report without a review or oversight process in place to prevent, or detect and correct, errors.

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

GREATER JASPER CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

Without the proper 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.

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AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2017
Current Audit Period: July 1, 2021-June 30, 2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Payroll Disbursements: Calculation and Timely Remittance of Payroll Taxes – Adequate oversight, review, or approval did not exist in order to prevent penalty, interest, and other charges from being assessed on late remittance of payroll taxes; Pay Rates – There was no oversight, review or approval to ensure the correct pay rates were entered into the system.

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

Response Comments: N/A



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: Child Nutrition Cluster-Program Income

Summary of Finding: The Food Service Director was reconciling the School Lunch Prepaid Clearing Fund and making monthly transfers to School Lunch Fund; however, no one was reviewing the process to make sure the proper transfers were being made.

Status of Audit Finding: Corrected

Response Comments: N/A



CORRECTIVE ACTION PLAN

Finding 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: All financial transactions related to the school corporation were not included on the Financial Statement.

Contact Person Responsible for Corrective Action: Dr. Tracy Lorey, Monica Young, April Hopf

Contact Phone Number and Email Address: Dr. Tracy Lorey tlorey@gjcs.k12.in.us, Monica Young myoung@gjcs.k12.in.us April Hopf ahopf@gjcs.k12.in.us 812-482-1801

Views of Responsible Officials:

We disagree with the finding.

Explanation and Reasons for Disagreement:

The corporation was told to deposit the funds with Springs Valley Bank and an affidavit for the \$10,000,000 was given to Springs Valley Bank. Springs Valley Bank will be making all expense payments at the bank for the intended projects.

The current accounting of self-insurance funds held by Dunn & Associates was in accordance with past guidance provided by The State Board of Accounts in previous audit periods. Documentation regarding this guidance is on file. GJCS will abide by guidance provided by the current audit staff moving forward. However, we do not concur this should be noted as a finding.

Anticipation Completion Date: N/A



CORRECTIVE ACTION PLAN

Finding 2023-002

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

Summary of Finding: Schedule of Expenditures of Federal Awards was not accurately reported in Gateway

Contact Person Responsible for Corrective Plan: Dr. Tracy Lorey, Monica Young, April Hopf

Contact Phone Number and Email Address: tlorey@gjcs.k12.in.us, myoung@gjcs.k12.in.us,
ahopf@gjcs.k12.in.us 812-481-1801

Views of Responsible Officials:

We agree with the Finding.

Description of Corrective Action Plan:

The Child Nutrition Cluster was overstated—the person who completed the form has resigned and she took the numbers from a total on the form but there are columns that you have to add up and those columns don't add up to what it shows as the total. The corporation now knows which columns need to be added for the report.

Supporting Effective Instruction State Grant--The Basic Grant was understated because the Grantor decided to change the Fund number that needed to be used and when the report was done it was left off since it was the wrong Fund number and the balance was zero.

Incorrect Program Names—The names were taken from the last Annual Financial Report and the Grant approval letters. The corporation was shown to go to SAM.gov to look up the correct name.

All appropriate people will look over the reports and verify totals.

Anticipation Completion Date:

All findings--Completed August 2024



CORRECTIVE ACTION PLAN

Finding 2023-003

Finding Subject: Child Nutrition Cluster-Eligibility

Summary of Finding: (suggestion: The School Corporation had not properly designed or implemented internal controls over eligibility.)

Contact Person Responsible for Corrective Plan: Dr. Tracy Lorey, Monica Young, April Hopf

Contact Phone Number and Email Address 812-482-1801 tlorey@gjcs.k12.in.us myoung@gjcs.k12.in.us
ahopf@gjcs.k12.in.us

Views of Responsible Officials:

We agree with the Finding.

Description of Corrective Action Plan:

The corporation meets virtually each year with the software vendor to set up all free/reduced lunch applications, federal income guidelines and forms. A certified and signed copy of the income guidelines will be kept on file to show the match between the guidelines and point of sale.

The applications that are flagged by the system will be reviewed for approval or denied and a copy will be maintained for The State Board of Accounts for audit.

Anticipation Completion Date:

February 2024



CORRECTIVE ACTION PLAN

Finding 2023-004

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

Summary of Finding: The School Corporation had not properly designed or implemented internal controls over procurement and suspension and debarment

Contact Person Responsible for Corrective Action: Dr. Tracy Lorey, Monica Young, April Hopf

Contact Phone Number and Email Address: tlorey@gjcs.k12.in.us myoung@gjcs.k12.in.us
ahopf@gjcs.k12.in.us 812-482-1801

Views of Responsible Officials:

We agree with the finding.

Description of Corrective Action Plan:

The school corporation will follow our Procurement policy in the future.

Anticipation Completion Date:

August 2024—Beginning of New School Year



CORRECTIVE ACTION PLAN

FINDING 2023-005

Finding Subject: Special Education Cluster (IDEA) - Earmarking

Summary of Finding: The School Corporation had not properly designed or implemented internal controls over Earmarking.

Contact Person Responsible for Corrective Action Plan: Sara Harpenau

Contact Phone Number and email Address: harpenaus@dspcoop.org, 812 482-6661

Views of Responsible Officials: We agree with the finding.

Description of Corrective Action:

The Finance Manager of the Exceptional Children’s Co-op has developed an Excel spreadsheet and workbook for each of the employees who are providing services to the homeschooled children and the private school special education children. This spreadsheet enables them to document the children to whom they provide services, the dates of the services, the purpose of the encounter, and the duration of the visit. Each employee has a calculated goal of the time that is required of them throughout the school year to provide these services.

Anticipated Completion Date:

This method was implemented in the 2022/2023 school year and will continue with each school year as needed.



CORRECTIVE ACTION PLAN

Finding 2023-006

Finding Subject: Education Stabilization Fund-Equipment and Real Property Management and Reporting
Summary of Finding: The School Corporation had not properly designed or implemented internal controls over Equipment Management and Real Property Reporting.)

Contact Person Responsible for Corrective Plan: Tina Fawks, Monica Young
Contact Phone Number and Email Address: tfawks@gjcs.k12.in.us myoung@gjcs.k12.in.us 812-482-1801

Views of Responsible Officials:
We agree with the Finding.

Description of Corrective Plan:
Equipment and Real Property: The School Corporation Treasurer will verify that the Assets updated by the third-party administrator will make sure the applicable federal guidelines are included on the asset schedule.

Reporting: The Assistant Superintendent will prepare the Annual Report and the Treasurer will review the report prior to submission.

Anticipation Completion Date:
March 2024

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/>.