

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SILVER CREEK SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Thomas R. Brillhart (Vacant) Todd Balmer Allison Vanover	07-01-21 to 07-31-21 08-01-21 to 09-19-21 09-20-21 to 06-25-23 06-26-23 to 06-30-24
Superintendent of Schools	Dr. Chad S. Briggs	07-01-21 to 06-30-24
President of the School Board	Chris Rountree	07-01-21 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 SILVER CREEK SCHOOL CORPORATION, CLARK 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 Silver Creek 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 11, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

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

Silver Creek 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 11, 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 SILVER CREEK SCHOOL CORPORATION, CLARK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the period of July 1, 2021 to June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

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

Basis for Qualified and Unmodified Opinions

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

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

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

Matters Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in items 2023-009 and 2023-010 for Cash Management and Reporting, respectively. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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)

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 2023-003, 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.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010, 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 11, 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 11, 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.

SILVER CREEK SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 21/22	\$ -	\$ 195,834	\$ -	\$ -
School Breakfast Program			FY 22/23	-	-	-	171,476
Total - School Breakfast Program				-	195,834	-	171,476
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 21/22	-	1,228,227	-	-
Commodities			FY 21/22	-	95,700	-	-
School Lunch Program			FY 22/23	-	-	-	832,096
Supply Chain Assistance			FY 22/23	-	-	-	150,369
Commodities			FY 22/23	-	-	-	71,677
Total - National School Lunch Program				-	1,323,927	-	1,054,142
Total - Child Nutrition Cluster				-	1,519,761	-	1,225,618
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
PEBT			FY 22/23	-	-	-	628
PEBT			FY 21/22	-	614	-	-
Total - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	1,520,375	-	1,226,246
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
PART B 611 FY21			19611-158-PN01	-	39,639	-	-
PART B 611 FY21			20611-158-PN01	-	554,852	-	-
PART B 611 FY22			21611-168-PN01	-	-	-	597,487
Total - Special Education Grants to States				-	594,491	-	597,487
Special Education Preschool Grants	Indiana Department of Education	84.173					
619 PART B FY21			19619-158-PN01	-	1,243	-	-
619 PART B FY21			20619-158-PN01	-	18,255	-	-
619 PART B FY21			21619-168-PN01	-	-	-	21,401
Total - Special Education Preschool Grants				-	19,498	-	21,401
Total - Special Education Cluster (IDEA)				-	613,989	-	618,888
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
TITLE I FY 19			S010A190014	-	95,840	-	-
TITLE I FY 21			S010A200014	-	163,024	-	-
TITLE I			S010A210014	-	-	-	240,057
TITLE I FY 23			S010A220014	-	-	-	112,978
Total - Title I Grants to Local Educational Agencies				-	258,864	-	353,035

SILVER CREEK SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
English Language Acquisition State Grants	Indiana Department of Education	84.365					
TITLE III 2019-20			S365A190014	-	-	-	41,559
TITLE III 20-22 FY21			S365A200014	-	-	-	12,518
Total - English Language Acquisition State Grants				-	-	-	54,077
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
TITLE II PART A FFY 2018 84.367A			S367A180013	-	19,576	-	-
TITLE II PART A FFY 2019 84.367A			S367A190013	-	58,292	-	-
TITLE II PART A FFY 2020 84.367			S367A200013	-	-	-	56,568
TITLE II PART A FFY 2021 84.367			S367A210013	-	-	-	44,146
Total - Supporting Effective Instruction State Grants				-	77,868	-	100,714
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
TITLE IV FY19/21			S424A190015	-	13,104	-	-
TITLE IV; PART A FY 2021			S424A200015	-	-	-	16,201
Total - Student Support and Academic Enrichment Program				-	13,104	-	16,201
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
GEERF		84.425C	S425C200018	-	13,624	-	21,473
ESSER I		84.425D	S425D200013	-	202,495	-	-
ESSER II		84.425D	S425D210013	-	-	-	752,597
Total - COVID-19 - Education Stabilization Fund				-	216,119	-	774,070
Total - Department of Education				-	1,179,944	-	1,916,985
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
FY22 IEP Services	Indiana Family and Social Services Administration		FY22 MEDICAID 1753	-	66,224	-	-
FY23 IEP Services			FY23	-	-	-	73,822
FY22 Medicaid Administrative Claiming	Indiana Department of Education		FY22 MEDICAID 1753	-	30,290	-	-
FY23 Medicaid Administrative Claiming			FY23	-	-	-	21,301
Total - Medical Assistance Program				-	96,514	-	95,123
Total - Medicaid Cluster				-	96,514	-	95,123
Total - Department of Health and Human Services				-	96,514	-	95,123
Total federal awards expended				\$ -	\$ 2,796,833	\$ -	\$ 3,238,354

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

SILVER CREEK 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. Clark County Joint Services Program

The School Corporation was a member of the Clark County Joint Services Program and served as the fiscal agent until it dissolved June 30, 2021. 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.

SILVER CREEK 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
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Qualified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: 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.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 control was 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 contained the following errors:

1. The Child Nutrition Cluster had errors that resulted in misstatements of expenditures of \$785,922, in total.
2. The Special Education Cluster (IDEA) had errors that resulted in misstatements of expenditures of \$613,989, in total.
3. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$762,033, in total.
4. Other errors included incorrect program names, identifying numbers, pass-through entities, and local project names.

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](#)."

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; . . ."

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.
- (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:

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

Assistance Listings Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY22/23, FY22/23

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

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 with the Eligibility and the Special Tests and Provisions - Verification of Free and the Reduced Price Applications (NSLP) compliance requirements.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Eligibility

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

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

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the verification of free and reduced price applications. The Account Specialist performed the verification of free and reduced price applications without a system of oversight or review to ensure the verification was correct.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 2023-003

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): 20611-158-PN01, 20619-158-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 was a member of the Clark County Joint Services Program (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member school corporations. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

The Non-Public Proportionate Share expenditures for all grant awards were not expended as required by the IDOE for the individual member school corporation. The Cooperative categorized each expenditure by location, and the total amount did not meet or exceed the required proportionate share as outlined on the award letter. The Cooperative was required to spend a total of \$59,633 for 20611-158-PN01 and \$35,470 for 20619-158-PN01. \$32,798 was identified as being spent for 20611-158-PN01, which was less than the required proportionate share. The Cooperative was unable to provide documentation to identify the expenditures spent for 20619-158-PN01.

The lack of internal controls and noncompliance were isolated to fiscal year 2021-2022 and the 20611-158-PN01 and the 20619-158-PN01 grant awards.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 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 document. . . ."

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 the 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 a result, the total required Non-Public Proportionate Share was not spent for one grant and the expenditures for another grant 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.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure Non-Public Proportionate Share amounts are spent as identified within the application and all documentation is retained to determine so that expenditures can be appropriately identified.

Views of Responsible Officials

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

FINDING 2023-004

Subject: Special Education Cluster (IDEA) - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles

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): 19611-158-PN01, 19619-158-PN01,
20611-158-PN01, 20619-158-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation was a member of the Clark County Joint Services Program (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member school corporations. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation to ensure compliance with the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

The Cooperative did not have internal controls in place over payroll transactions to ensure expenditures were allowed and in conformance with the cost principles. The Treasurer reviewed a report which showed the total amount paid from each fund and account; however, a detailed payroll report was not reviewed which would have identified the employee being paid from the grant fund.

For vendor disbursements, although the Deputy Treasurer matched the invoice to the purchase order and provided it to the Corporation Treasurer for review and signature of the Accounts Payable Voucher (claim) prior to payment, the internal control was not effective and did not detect or allow correction of errors. In the initial sample of 6 vendor disbursements, one claim was unable to be provided. As the error was isolated to vendor disbursements, the sample of vendor disbursements only was increased by 31. Within the new sample of 31 vendor disbursements, an additional claim was unable to be provided. As both vendor disbursements with missing documentation were travel expense reimbursements made to the same employee, the ledger was reviewed for additional travel disbursements to that individual. None were identified; thus, no further testing was determined to be necessary.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls over payroll disbursements was isolated to 2021-2022. The ineffective internal controls and noncompliance over vendor disbursements were isolated to the two travel claims 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. . . ."

34 CFR 300.202(a) states:

"*General.* Amounts provided to the LEA under Part B of the Act -

- (1) Must be expended in accordance with the applicable provisions of this part;
- (2) Must be used only to pay the excess costs of providing special education and related services to children with disabilities, consistent with paragraph (b) of this section; and
- (3) Must be used to supplement State, local, and other Federal funds and not to supplant those funds."

34 CFR 300.208 states:

"(a) *Uses.* Notwithstanding §§ 300.202, 300.203(b), and 300.162(b), funds provided to an LEA under Part B of the Act may be used for the following activities:

- (1) *Services and aids that also benefit nondisabled children.* For the costs of special education and related services, and supplementary aids and services, provided in a regular class or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.
- (2) *Early intervening services.* To develop and implement coordinated, early intervening educational services in accordance with § 300.226.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(3) *High cost special education and related services.* To establish and implement cost or risk sharing funds, consortia, or cooperatives for the LEA itself, or for LEAs working in a consortium of which the LEA is a part, to pay for high cost special education and related services.

(b) *Administrative case management.* An LEA may use funds received under Part B of the Act to purchase appropriate technology for recordkeeping, data collection, and related case management activities of teachers and related services personnel providing services described in the IEP of children with disabilities, that is needed for the implementation of those case management activities."

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. . . ."

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, appropriate documentation for two travel claims was not retained.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure that documentation will be maintained and made available for audit.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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) - Period of Performance

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): 19611-158-PN01, 19619-158-PN01,
20611-158-PN01, 20619-158-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

Condition and Context

The School Corporation was a member of the Clark County Joint Services Program (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member school corporations. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation to ensure compliance with the Period of Performance compliance requirement.

The School Corporation had not properly designed or implemented a system of internal controls to ensure transactions made from Special Education funds occurred within the appropriate period of performance. Claims for the special education programs were paid without a documented review or oversight to ensure the expenditures charged to each grant were within the allowed time frame. Although the reimbursement requests submitted to the IDOE were prepared by the Treasurer and approved by the Special Education Director, the School Corporation was unable to provide tangible audit evidence of this review and approval process, which may have included a review of the costs included on each request to verify they were within the correct period of performance.

The lack of internal controls was isolated to 2021-2022.

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). . . ."

SILVER CREEK 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 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.

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 and are adequately documented.

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: Special Education Cluster (IDEA) - Procurement

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): 19611-158-PN01, 19619-158-PN01,
20611-158-PN01, 20619-158-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation was a member of the Clark County Joint Services Program (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member school corporations. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Two vendors were identified as exceeding the small purchase threshold during the audit period. Both vendors were selected for testing. For both vendors, only the quote that was utilized was retained and no other audit evidence could be provided to show that additional quotes as required were obtained. Documentation detailing the history of procurement, which must include the reason for the procurement method used, selection of the vendor, and the basis for the price, was not retained for audit for either purchase.

The lack of internal controls and noncompliance were isolated to 2021-2022.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(i) states:

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

2 CFR 200.320 states in part:

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

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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: . . .

(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. . . ."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance. As a result, adequate documentation was not retained for procurements that fell within the small purchase threshold.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure all required documentation is retained and provided for small purchases.

Views of Responsible Officials

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

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Auditor's Response

The small purchase threshold is determined based on the aggregate of similar purchases from a single source. Although each individual purchase was below the procurement threshold for small purchases, both vendors included in the sample were used to purchase like-items, such as technology or furniture. When the aggregate of purchases exceeds the procurement threshold, that threshold must be used for purchases. The small purchase threshold was exceeded for both vendors; therefore, price or rate quotations must be obtained from an adequate number of qualified sources. Documentation supporting the history of the procurement must be retained and presented for audit.

While the School Corporation may use IAESC as one method of procurement for small purchases, price or rate quotes must be obtained from more than one source. If the School Corporation chooses to use IAESC for their procurement processes, a formal agreement or contract should exist between both governmental entities detailing the procurement agreement.

FINDING 2023-007

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Earmarking, Period of Performance
Federal Agency: Department of Education
Federal Programs: Special Education Grant to States, Special Education Preschool Grants
Assistance Listing Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 21611-168-PN01, 21619-168-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles;
Matching, Level of Effort, Earmarking; Period of Performance
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 with the Activities Allowed or Unallowed; the Allowable Costs/Cost Principles; the Matching, Level of Effort, Earmarking; and the Period of Performance compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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 activities allowed and conformance with the cost principles. The School Corporation did not have adequate procedures in place to ensure that only employees performing duties for the special education program were being paid out of the grant funds. The Corporation Treasurer was reviewing a total amount paid from each fund account; however, a detailed payroll report was not being reviewed that would have identified the employees being paid from the grant fund.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Matching, Level of Effort, Earmarking

The School Corporation did not have internal controls in place to ensure that proportionate share expenses were properly spent. The Special Education Director and Treasurer compiled and reviewed the proportionate share reports sent to the Indiana Department of Education (IDOE) to track nonpublic school expenses; however, that internal control was not able to be verified as the reports were not retained.

Period of Performance

The School Corporation had not properly designed or implemented a system of internal controls to ensure transactions made from special education funds occurred within the appropriate period of performance. Claims for the special education programs were paid without an appropriate level of review or oversight to ensure the expenditures charged to each grant were within the allowed time frame. Although the reimbursement requests submitted to the IDOE were prepared by the Treasurer and approved by the Special Education Director, the School Corporation was unable to provide tangible audit evidence of this review and approval process, which may have included a review of the costs included on each request to verify they were within the correct period of performance.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 and are adequately documented.

Views of Responsible Officials

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

FINDING 2023-008

Subject: COVID -19 - Education Stabilization Fund - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.425C, 84.425D

Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013, S425D210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

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 Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

Reimbursement requests for the program were prepared by one employee and reviewed by another employee; however, no supporting documentation was provided to the reviewer. As documentation did not accompany the reimbursement requests the reviewer would not have been able to determine if the expenses were allowed per the federal program and if the costs were in conformance with the allowable cost principles. In addition, while reviews of payroll and vendor claims took place prior to the reimbursement request being compiled, no reviewers had enough detailed information (i.e., fund being charged) or knowledge to determine if the expense was allowable from the federal award funds or was compliant with the cost principles.

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:

SILVER CREEK 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). . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-009

Subject: COVID-19 - Education Stabilization Fund - Cash Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425D
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Modified Opinion

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 Cash Management compliance requirement.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reimbursement requests for the program were prepared by one employee and reviewed by another employee; however, no supporting documentation was provided to the reviewer. As documentation did not accompany the reimbursement request, and the reimbursement requests, as noted below, did not agree to the ledger, the reviewer could not have ensured expenses were paid prior to requesting reimbursement.

Five reimbursement requests were submitted during the audit period. All five reimbursement requests were selected for testing. Of the five reimbursement requests tested, three were not traceable to the School Corporation's fund ledger. For those three reimbursement requests, the expenditures in the ledger exceeded the amount requested by \$67,907, in total. However, as the expenditures could not be determined for each reimbursement requested, it could not be determined if the School Corporation paid for the expense prior to requesting reimbursement.

The lack of internal controls and noncompliance were systemic issues throughout the audit period for ESSER I and ESSER II grant funds.

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 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. . . ."

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.208, or when the non-Federal entity requests payment by reimbursement. . . ."

2 CFR 200.302(b) states in part:

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

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

SILVER CREEK 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 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, it could not be determined if all expenditures were paid by the School Corporation prior to requesting reimbursement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation 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 the reimbursement requests.

Views of Responsible Officials

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

FINDING 2023-010

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425D

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 one person without oversight or review process in place to prevent, or detect and correct, errors.

Additionally, all six reports were selected for testing. Of the six reports, five had errors as noted below:

1. The ESSER I, Year 2 report overstated expenditures for the reporting period, October 1, 2020 to June 30, 2021, by \$163,492. In addition, the key line item "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) - Property" chosen for review was incorrectly reported.
2. The ESSER I, Year 3 report did not report any expenditures for the reporting period, July 1, 2021 to June 30, 2022; however, the ledger detail had expenditures of \$120,855. As such, the key line items "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports - Personnel Services - Salaries" and "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports - Personnel Services - Benefits" chosen for review could not be verified.
3. The ESSER II, Year 1 report overstated expenditures for the reporting period, July 1, 2020 to June 30, 2021, by \$227,740. In addition, the key line items "Addressing Physical Health and Safety - Personnel Services - Salaries" and "Operational Continuity and Other Allowed Uses - Purchased Professional and Technical Services" chosen for review were incorrectly reported.
4. The ESSER III, Year 1 report overstated expenditures for the reporting period, July 1, 2020 to June 30, 2021, by \$30,643, as the report indicated expenditures of \$30,643 but the ledger did not have any expenditures from ESSER III during that time period. In addition, the key line items "Addressing Physical Health and Safety (exclusive of amount expended toward required set-aside to address learning loss) - Personnel services - Salaries" and "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) (exclusive of amount expended toward required set-aside to address learning loss) - Personnel Services - Benefits" chosen for review were incorrectly reported.
5. The ESSER III, Year 2 report understated expenditures for the reporting period, July 1, 2021 to June 30, 2022, by \$61,705.

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:

- (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). . . ."

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.334 states in part:

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

2 CFR 200.302(b) states in part:

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

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

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

Cause

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

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reports submitted to the IDOE were not supported by the School Corporation's underlying accounting records.

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

Questioned Costs

There were no questioned costs identified.

SILVER CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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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.

SCHOOL BOARD

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Scott Groan, Vice President
Kristy Franklin, Secretary
Rachel Bright, Member
Joe Basham, Member



ADMINISTRATION

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Dr. Todd Balmer, Asst. Supt.

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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: July 1, 2021 to June 30, 2023

Finding Subject: Preparation of the SEFA

Summary of Finding:

Internal controls were not established over federal grant reporting in Gateway. This resulted in an overstatement of the Child Nutrition Cluster, overstatement of the Medicaid Cluster, and other errors on program names and identifying numbers.

Status of Audit Finding:

Partially Corrected

Response Comments:

Still developing procedures for controls with consultant.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

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

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

Internal controls were not established over the information entered into Gateway for the AFR. There was no evidence presented to show that the Treasurer was reviewing the information entered by the Deputy Treasurer into Gateway.

Status of Audit Finding:

Fully Corrected

Response Comments: No further comments.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-003

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

Finding Subject: Procurement and Suspension and Debarment for CNC

Summary of Finding:

Internal Control system wasn't in place for the Child Nutrition Cluster in relation to Procurement and Suspension and Debarment compliance requirement. Price or rate quotes were not obtained for milk purchases exceeding \$10,000 and vendor contracts over \$25,000 were not being verified by the school corporation that they were not suspended or debarred.

Status of Audit Finding:

Fully Corrected

Response Comments: No further comments.

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CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding:

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

Contact Person Responsible for Corrective Action: Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

A spreadsheet has been created by the Deputy Treasurer using the award letters and information verified by the AP-Grant Specialist. They have created a binder to keep all award letters and information pertaining to each grant for at a glance use and accuracy. We have hired two Directors of Curriculum to oversee each grant's compliance with expenditures, amendments and reimbursements. The current Corporation Treasurer completed the SEFA and scheduled a meeting with the superintendent and CFO for review and signatures before submittal. We are working with a consultant that specializes in grant management to help correct the expenditures, amendments, reimbursements and teach us the proper procedures to ensure accuracy and management of all grants.

Anticipated Completion Date: March 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-002

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

Summary of Finding:

Eligibility

The School Corporation had not properly designed or implemented a system of internal controls, which would include segregation of duties, that would prevent or detect and correct noncompliance relating to the eligibility determination of a child receiving meals. There was no oversight or review to ensure the eligibility determination was correct.

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

The Account Specialist performed the verification of free and reduced price applications. There was no documentation that an oversight, review, or approval process, or other compensating control, had been established to ensure the proper number of applications were verified for accuracy.

Contact Person Responsible for Corrective Action: Josh Sinclair, Food Service Director and Allison Vanover, Corporation Treasurer.

Contact Phone Number and Email Address: 812-246-3375 jsinclair@scsc.school avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

We will use the proposed USDA form that has two signatures required. Mr. Sinclair will ensure that all signatures are collected for proof of verification.

Mr. Sinclair and Ms. Susan Westfall will be a second check on the eligibility determination. One will do paper applications and the other will do online applications. Then, they will check each other for accuracy.

Anticipated Completion Date: March 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-003

Finding Subject: Special Education Cluster (IDEA) - Earmarking

Summary of Finding:

The School Corporation was a member of the Clark County Joint Services Program (Cooperative) during fiscal year 2021-2022. The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Non-Public Proportionate Share expenditures for all grant awards were not expended as required by IDOE for the individual member schools. The Cooperative categorized each expenditure by location and the total amount did not meet or exceed the required proportionate share as outlined on the award letter. The Cooperative was required to spend a total of \$59,633 for 20611-158-PN01 and \$35,470 for 20619-158-PN01. \$32,798 was identified as being spent for 20611-158-PN01, which was less than the required proportionate share. The Cooperative was unable to provide documentation to identify the expenditures spent for 20619-158-PN01.

Contact Person Responsible for Corrective Action: Ashley Compton, Director of Special Education and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 alcompton@scsc.school
avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Silver Creek School Corporation does not operate under the Special Education Coop any longer. The Special Education Director has a beginning of the year consultation with the private school principal to discuss and finalize the proportionate share budget. The Corporation Treasurer and Special Education Director will review and co-complete the semi-annual prop share workbook to ensure that private school funding is expended in a timely manner.

Anticipated Completion Date: March 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-004

Finding Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Summary of Findings:

The School Corporation was a member of the Clark County Joint Services Program (Cooperative) during fiscal year 2021-2022. The Cooperative did not have internal controls in place over payroll transactions to ensure expenditures were allowable and in conformance with the cost principles. The Treasurer reviewed a report which showed the total amount paid from each fund and account; however, a detailed payroll report was not reviewed which would have identified the employee being paid from the grant fund. For vendor disbursements, although the Deputy Treasurer matched the invoice to the purchase order and provided it to the Corporation Treasurer for review and signature of the accounts payable voucher prior to payment, the control was not effective and did not detect or allow correction of errors. In the initial sample of 6 vendor disbursements, one claim was unable to be provided.

Contact Person Responsible for Corrective Action: Ashley Compton, Director of Special Education, Tamara Swarens, Director of Elementary Curriculum and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 alcompton@scsc.school
tswarens@scsc.school avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Silver Creek School Corporation does not operate under the Special Education Coop any longer. The AP Specialist makes sure that there is an appropriate claim for each payment we make, there are two signatures on each claim and the claims are approved by the Treasurer. Check processing is completed by the Deputy Treasurer as the third check. The AP Specialist now scans each invoice to the FMS accounting system to ensure that we have all back up for the claims.

With the new Directors of Curriculum and Special Education, we only reimburse for positions that are charged to the federal grant that have gone through a multi-step process to ensure that they get coded to the right place. The process is also reviewed at the time a request for reimbursement is made.

Anticipated Completion Date: March 2024

SCHOOL BOARD

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CORRECTIVE ACTION PLAN

FINDING 2023-005

Finding Subject: Special Education Cluster (IDEA) – Period of Performance

Summary of Finding:

The School Corporation was a member of the Clark County Joint Services Program (Cooperative) during fiscal year 2021-2022. The School Corporation had not properly designed or implemented a system of internal controls to ensure transactions made from Special Education funds occurred within the appropriate period of performance. Claims for the Special Education programs were paid without an appropriate level of review or oversight to ensure the expenditures charged to each grant were within the allowed time frame. Although the reimbursement requests submitted to the Indiana Department of Education were prepared by the Corporation Treasurer and approved by the Special Education Director, the School was unable to provide tangible audit evidence of this review and approval process, which may have included a review of the costs included on each request to verify they were within the correct period of performance.

Contact Person Responsible for Corrective Action: Ashley Compton, Director of Special Education and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 alcompton@scsc.school
avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Silver Creek School Corporation is no longer part of the Special Education Cooperative. The Special Education Director and the Corporation Treasurer have a standing meeting once per month to review expenditures and receipts to prepare a reimbursement. At that time, the period of performance is also checked for accuracy. The Special education director will code initial expenditures to grant appropriation lines and submit to accounts payable specialist. Accounts payable specialist then confirms that the expenditure can be taken from that line in the working grant document for the corresponding grant. Oversight and review of grant allocations and approved totals with grant budgets are reviewed monthly at the time reimbursements are completed.

Anticipated Completion Date: March 2024

SCHOOL BOARD

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CORRECTIVE ACTION PLAN

FINDING 2023-006

Finding Subject: Special Education Cluster (IDEA) – Procurement

Summary of Finding:

The School Corporation was a member of the Clark County Joint Services Program (Cooperative). During fiscal year 2021-2022. The School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation to ensure compliance with the Procurement compliance requirement. Two vendors exceeded the small purchase threshold during the audit period and both vendors were selected for testing. For both vendors only the quote that was utilized was retained and no other audit evidence could be provided to show that additional quotes as required were obtained. Documentation detailing the history of procurement, which must include the reason for the procurement method used, selection of the vendor, and the basis for the price, was not retained for audit for either purchase.

Contact Person Responsible for Corrective Action: Ashley Compton, Director of Special Education and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 alcompton@scsc.school
avanover@scsc.school

Views of Responsible Officials:

We do not concur with the finding.

Explanation and Reasons for Disagreement:

The two instances cited in this finding were the results of a purchase made through the cooperative purchasing agency. Silver Creek chose this vendor that IAESC manages. IAESC serves as a governmental body in which SCSC is allowed to enter into an agreement to form a cooperative purchasing organization per IC 5-22-4-7. We can provide evidence that the cooperative purchasing agency has properly conducted an RFP for these two purchases. After reviewing the purchases for CDW Government and School Outfitters, SCSC does not recognize these as small purchases since these items were listed separately on the voucher and did not cross the threshold of \$10,000.00.

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CORRECTIVE ACTION PLAN

FINDING 2023-007

Finding Subject: Special Education Cluster (IDEA) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Earmarking, Period of Performance

Summary of Finding:

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation did not have adequate procedures in place to ensure that only employees performing duties for the Special Education Program were being paid out of the grant funds. The Corporation Treasurer was reviewing a total amount paid from each fund account; however, a detailed payroll report was not being reviewed that would have identified the employees being paid from the grant fund.

Earmarking

The School Corporation did not have internal controls in place to ensure that they were in compliance with the earmarking requirements. The Special Education Director and Corporation Treasurer compiled and reviewed the proportionate share reports that get sent to Indiana Department of Education to track non-public school expenses, however, that control was not able to be verified as the reports were not retained.

Period of Performance

The School Corporation had not properly designed or implemented a system of internal controls to ensure transactions made from Special Education funds occurred within the appropriate period of performance. Claims for the Special Education programs were paid without an appropriate level of review or oversight to ensure the expenditures charged to each grant were within the allowed time frame. Although the reimbursement requests submitted to the Indiana Department of Education were prepared by the Corporation Treasurer and approved by the Special Education Director, the School was unable to provide tangible audit evidence of this review and approval process, which may have included a review of the costs included on each request to verify they were within the correct period of performance.

Contact Person Responsible for Corrective Action: Ashley Compton, Director of Special Education and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 alcompton@scsc.school
avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Special Education Director and the Corporation Treasurer have a standing meeting once per month to review expenditures and receipts to prepare a reimbursement. At that time, the period of performance is also checked for accuracy. During this meeting they will also review payroll (salary and benefits) to identify employees who are included in the grant. All reimbursements and proportionate share documents are reviewed, signed and filed in an individual grant binder, housed in the special education office. Special education director will code initial expenditures to grant appropriation lines and submit to payroll and corporation treasurer. Payroll then confirms that the expenditure can be taken from that line in the working grant document for the corresponding grant. Oversight and review of grant allocations and approved totals with grant budgets are reviewed monthly at the time reimbursements are completed.

Anticipated Completion Date: April 2024

SCHOOL BOARD

Chris Rountree, President
Scott Groan, Vice President
Kristy Franklin, Secretary
Rachel Bright, Member
Joe Basham, Member



ADMINISTRATION

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CORRECTIVE ACTION PLAN

FINDING 2023-008

Finding Subject: COVID -19 - Education Stabilization Fund – Activities Allowed and Unallowed, Allowable Costs/Cost Principles

Summary of Finding:

The School Corporation had not properly designed or implemented a system of internal control, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting noncompliance related to the Allowable Activities and Allowable Costs/Cost Principles compliance requirements.

Reimbursement requests for the programs were prepared by an employee and reviewed by another employee to ensure all costs are correct and allowable before giving their approval. While the School Corporation did have a process in place to review and approve reimbursement requests, not all reimbursement requests were traceable to the Schools Corporation’s fund ledger and no audit evidence was provided to indicate the reviewer verified disbursements to the School Corporation records.

Contact Person Responsible for Corrective Action: Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The same process will be in place to review and approve grant reimbursements. The Deputy Treasurer will verify with the person preparing the reimbursement that the proper accounting information is on the receipt and that it is then receipted into the correct account in the FMS System and sign off. The Corporation Treasurer will review all receipts and be the second signature. Each month the accounts will be checked for accuracy by the grants person and the Corporation Treasurer will again be the second check for accuracy.

The grant person will be checking for Allowable Activities and Allowable Costs/Cost Principles and verifying that they meet compliance. During the reimbursement process the grants person will also make sure all sections of the grant have been properly expended.

Anticipated Completion Date: March 2024

SCHOOL BOARD

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Scott Groan, Vice President
Kristy Franklin, Secretary
Rachel Bright, Member
Joe Basham, Member



ADMINISTRATION

Dr. Chad Briggs, Superintendent
Dr. Todd Balmer, Asst. Supt/CFO

601 Renz Avenue; Sellersburg, IN 47172
812-246-3375
www.scsc.school

CORRECTIVE ACTION PLAN

FINDING 2023-009

Finding Subject: COVID -19 - Education Stabilization Fund – Cash Management

Summary of Finding:

The School Corporation had not properly designed or implemented a system of internal control, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting noncompliance related to the Cash Management compliance requirement.

Reimbursement requests for the programs were prepared by an employee and reviewed by another employee. While the School Corporation did have a process in place to review and approve reimbursement requests, not all reimbursement requests were traceable to the fund ledger and no audit evidence was provided to indicate the reviewer verified disbursements to the School Corporation records.

Three of five reimbursement requests filed during the audit period were not traceable to the Schools Corporation's fund ledger. Due to the lack of supporting documentation it was not possible to determine if grant payments were reimbursements of expenditures or advance payment of grant funds. The lack of internal controls and noncompliance were systemic issues throughout the audit period. The noncompliance was isolated to three of the five reimbursement requests filed during the audit period.

Contact Person Responsible for Corrective Action: Todd Balmer, Assistant Superintendent/CFO and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 tbalmer@scsc.school avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The same process will be in place to review and approve grant reimbursements. The Deputy Treasurer will verify with the person preparing the reimbursement that the proper accounting information is on the receipt and that it is then receipted into the correct account in the FMS System and sign off. The Corporation Treasurer will review all receipts and be the second signature. Each month the accounts will be checked for accuracy by the grants person and the Corporation Treasurer will again be the second check for accuracy.

The grant person will verify that the reimbursements of expenditures or advance payments are clearly marked and accounted for in the FMS System and sign off. The Corporation Treasurer will be the second signature. When reimbursements are prepared, these entries will also be reviewed.

Anticipated Completion Date: March 2024

SCHOOL BOARD

Chris Rountree, President
Scott Groan, Vice President
Kristy Franklin, Secretary
Rachel Bright, Member
Joe Basham, Member



ADMINISTRATION

Dr. Chad Briggs, Superintendent
Dr. Todd Balmer, Asst. Supt/CFO

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CORRECTIVE ACTION PLAN

FINDING 2023-010

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

Summary of Finding:

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

Additionally, the ESSER I, Year 2, ESSER I, Year 3, ESSER II, Year 1, ESSER III, Year 1, and ESSER III, Year 2 reports were not supported by the School Corporation's records.

Contact Person Responsible for Corrective Action: Todd Balmer, Assistant Superintendent/CFO and Allison Vanover, Corporation Treasurer

Contact Phone Number and Email Address: 812-246-3375 tbalmer@scsc.school
avanover@scsc.school

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

We are currently meeting with a Grants Management Consultant that will be working with us on how to properly complete the ESSER reports to ensure submission moving forward is accurate. Prior to submission, the grants person will review to ensure the report is complete and the information is correct. We will also send the reports to the consultant for review.

Anticipated Completion Date: April 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/>.