

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

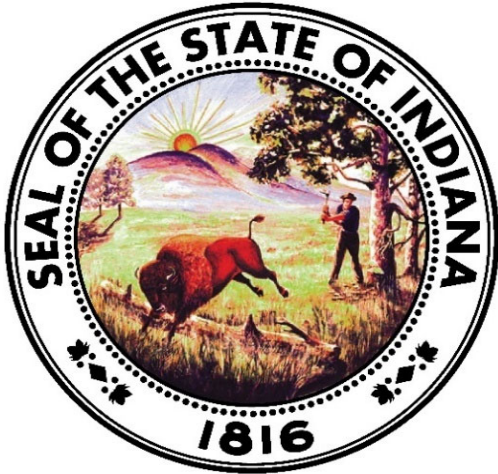
FEDERAL COMPLIANCE AUDIT REPORT

OF

RUSH COUNTY SCHOOLS

RUSH COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/26/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--------------------|----------------------|
| Treasurer | Melissa Leap | 07-01-21 to 06-30-23 |
| | (Vacant) | 07-01-23 to 07-16-23 |
| | Julie Cramer | 07-17-23 to 06-30-24 |
| Superintendent of Schools | Dr. Matt Vance | 07-01-21 to 06-30-22 |
| | Jim Jameson | 07-01-22 to 06-30-24 |
| President of the School Board | Doug Marlow | 07-01-21 to 12-31-21 |
| | Tammy Jackman | 01-01-22 to 12-31-22 |
| | Jeff Amos | 01-01-23 to 12-31-23 |
| | Dr. Steve Sickbert | 01-01-24 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 RUSH COUNTY SCHOOLS, RUSH 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 Rush County Schools (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 14, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

Rush County Schools' Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 14, 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 RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Special Education Cluster (IDEA)

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the possible effects of the matter 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 Title I Grants to Local Educational Agencies program for the period of July 1, 2021 to June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

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

Basis for Qualified and Unmodified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2023-005 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with 84.010 Title I Grants to Local Educational Agencies, as described in item 2023-003 for Eligibility. Consequently, we were unable to determine whether the School Corporation complied with those 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.

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)

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-006, 2023-007, and 2023-008. 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 described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, and 2023-009, to be material weaknesses.

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)

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.

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 14, 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 14, 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.

RUSH COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Assistance Listings Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient 06-30-22 | Total Federal Awards Expended 06-30-22 | Passed Through to Subrecipient 06-30-23 | Total Federal Awards Expended 06-30-23 |
|---|-------------------------------------|----------------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u> | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | | | | | |
| School Breakfast | | | FY22 | \$ - | \$ 274,432 | \$ - | \$ - |
| School Breakfast | | | FY23 | - | - | - | 248,457 |
| Total - School Breakfast Program | | | | - | 274,432 | - | 248,457 |
| National School Lunch Program | | | | | | | |
| School Lunch | Indiana Department of Education | 10.555 | | | | | |
| School Lunch | | | FY22 | - | 1,088,129 | - | - |
| Commodities | | | FY23 | - | - | - | 865,049 |
| Commodities | | | FY22 | - | 111,610 | - | - |
| SNP Emergency Funds | | | FY23 | - | - | - | 100,785 |
| Supply Chain Assistance | | | FY22 | - | 76,144 | - | - |
| | | | FY23 | - | - | - | 80,715 |
| Total - National School Lunch Program | | | | - | 1,275,883 | - | 1,046,549 |
| Special Milk Program for Children | | | | | | | |
| Special Milk | Indiana Department of Education | 10.556 | | | | | |
| | | | FY23 | - | - | - | 994 |
| Summer Food Service Program for Children | | | | | | | |
| Summer Food Program | Indiana Department of Education | 10.559 | | | | | |
| Summer Food Program | | | FY22 | - | 30,254 | - | - |
| | | | FY23 | - | - | - | 15,289 |
| Total - Summer Food Service Program for Children | | | | - | 30,254 | - | 15,289 |
| Total - Child Nutrition Cluster | | | | - | 1,580,569 | - | 1,311,289 |
| Pandemic EBT Administrative Costs | | | | | | | |
| P-EBT Admin Funds | Indiana Department of Education | 10.649 | | | | | |
| | | | 222IN120S9009 | - | 3,063 | - | 3,135 |
| Total - Department of Agriculture | | | | - | 1,583,632 | - | 1,314,424 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to States | | | | | | | |
| Special Education Grants to Local Educational Agencies 20-21 | Indiana Department of Education | 84.027A | | | | | |
| Special Education Grants to Local Educational Agencies 18-19 | | | 21611-117-PN01 | - | 476,242 | - | 102,929 |
| Special Education Grants to Local Educational Agencies 19-20 | | | 19611-117-PN01 | - | 172,249 | - | - |
| | | | 20611-117-PN01 | - | 573,140 | - | - |
| Subtotal - Special Education Grants to States | | | | - | 1,221,631 | - | 102,929 |
| COVID-19 - Special Education Grants to States | | | | | | | |
| Special Education Grants to LEA 2021-22 | Indiana Department of Education | 84.027X | | | | | |
| | | | 22611-117-ARP | - | - | - | 117,465 |
| Total - Special Education Grants to States | | | | - | 1,221,631 | - | 220,394 |

RUSH COUNTY SCHOOLS
 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 |
|---|-------------------------------------|----------------------------------|--|---|---|---|---|
| Special Education Preschool Grants | Indiana Department of Education | 84.173A | | | | | |
| Special Education Grants to LEA 2020-21 | | | 21619-117-PN01 | - | 13,606 | - | 6,047 |
| Special Education Grants to LEA 20-21 | | | 20619-117-PN01 | - | 19,715 | - | - |
| Special Education Grants to LEA 20-21 | | | 19619-117-PN01 | - | 19,435 | - | - |
| Subtotal - Special Education Preschool Grants | | | | - | 52,756 | - | 6,047 |
| COVID-19 - Special Education Preschool Grants | Indiana Department of Education | 84.173X | | | | | |
| Special Education Grants to LEA 2021-22 | | | 22619-117-ARP | - | - | - | 8,833 |
| Total - Special Education Preschool Grants | | | | - | 52,756 | - | 14,880 |
| Total - Special Education Cluster (IDEA) | | | | - | 1,274,387 | - | 235,274 |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | | | |
| Title I Grants to Local Educational Agencies 20-21 | | | S010A200014 | - | 216,542 | - | - |
| Title I Grants to Local Educational Agencies 19-20 | | | S010A210014 | - | 253,491 | - | 132,127 |
| Title I Grant to LEA 22-23 | | | S101A220014 | - | - | - | 261,523 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 470,033 | - | 393,650 |
| Supporting Effective Instruction State Grants | Indiana Department of Education | 84.367 | | | | | |
| Title II Part A for FFY 2018 | | | S367A180013 | - | 900 | - | - |
| Title II Part A for FFY 2019 | | | S367A190013 | - | 50,208 | - | - |
| Title II Part A for FFY 2020 | | | S367A200013 | - | 74,890 | - | 3,176 |
| Title II Part A for FFY 2021 | | | S367A210013 | - | 19,803 | - | 43,347 |
| Total - Supporting Effective Instruction State Grants | | | | - | 145,801 | - | 46,523 |
| Student Support and Academic Enrichment Program | Indiana Department of Education | 84.424 | | | | | |
| Title IV Part A for FFY 2020 | | | S424200015 | - | 18,947 | - | - |
| COVID-19 - Education Stabilization Fund | Indiana Department of Education | 84.425 | | | | | |
| ESSER I | | 84.425D | S425D200013 | - | 68,441 | - | - |
| ESSER II | | 84.425D | S425D210013 | - | 675,862 | - | 530,787 |
| ESSER III | | 84.425U | S425U210013 | - | 321,585 | - | 1,199,188 |
| Total - COVID-19 - Education Stabilization Fund | | | | - | 1,065,888 | - | 1,729,975 |
| Total - Department of Education | | | | - | 2,975,056 | - | 2,405,422 |
| Total federal awards expended | | | | \$ - | \$ 4,558,688 | \$ - | \$ 3,719,846 |

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

RUSH COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2022 and 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

| | |
|--|---|
| Type of auditor's report issued: | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statement noted? | yes |

Federal Awards:

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

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

| Assistance Listings Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------------------|--|----------------|
| | Child Nutrition Cluster | Unmodified |
| | Special Education Cluster (IDEA) | Qualified |
| 84.010 | Title I Grants to Local Educational Agencies | Qualified |
| 84.425 | COVID-19 - Education Stabilization Fund | Unmodified |

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Financial Transactions and Reporting
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.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. For fiscal year 2021-2022, the Treasurer prepared and submitted the financial information in Gateway, and the School Board reviewed the information entered; however, the internal control was not effective and did not detect and allow for correction of errors prior to submission. For 2022-2023, the Treasurer prepared and submitted the financial information in Gateway without a documented internal control in place to prevent, or detect and correct, errors.

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

- For the fiscal year ending June 30, 2022, six federal grant funds were omitted. Five of the funds had negative ending cash and investment balances as of June 30, 2021, and one fund had a positive ending cash and investment balance as of June 30, 2021. As such, the beginning and ending cash and investment balances were overstated by \$273,159.
- For the fiscal year ending June 30, 2023, the activity of twenty-eight additional funds were omitted, resulting in the beginning cash and investment balances reported being overstated by \$273,159, receipts being understated by \$5,201,970, disbursements being understated by \$5,604,615, and ending cash and investment balances being overstated by \$675,804.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in the Financial Statement Audit Report for the School Corporation.

Criteria

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3-8.7](#)."

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

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

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management of the School Corporation had not established a proper system of internal controls over financial transactions and reporting.

Effect

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

FINDING 2023-002

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

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-002.

Condition and Context

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

The School Corporation filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. For 2021-2022, the Treasurer prepared and submitted the information, and it was reviewed by the School Board; however, the internal control was not effective and did not detect and allow for correction of errors prior to submission. For 2022-2023, the Treasurer prepared and submitted the information without a documented internal control in place to prevent, or detect and correct, errors prior to submission.

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

- The Child Nutrition Cluster expenditures were understated by \$1,564,856 in 2021-2022 and \$1,311,289 in 2022-2023.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$62,320 and \$143,212, in total, in 2021-2022 and 2022-2023, respectively.
- Federal program titles were incorrect.

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; . . ."

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:

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

Cause

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 2023-003

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-006.

Condition and Context

Eligibility for Title I is determined on the Eligible School Summary of the Title I application. Enrollment and Poverty numbers are automatically pulled from the Indiana Department of Education's (IDOE) Official Pupil Enrollment (PE) count for each school into the Eligible School Summary page of the Title I application. These counts that are pre-populated should be based on the School Corporation's records as of October of the prior fiscal year. One person compiled and uploaded enrollment data, including poverty status for Real Time reports, to the IDOE without a documented oversight or review process to ensure that the information was accurate. In addition, there was no review by the School Corporation of the enrollment and poverty counts that were pre-populated into the School Corporation's Title I grant application.

The IDOE used the October 1 Real Time (RT) reports for fiscal years 2020-2021 and 2021-2022, as provided by the School Corporation, to determine Title I Eligibility for the 2021-2022 and 2022-2023 grant programs, respectively. The October 1 Real Time report could not be presented for audit for 2021-2022, which would have been used to pull in enrollment and poverty information for the 2022-2023 grant. As such, we were unable to verify the amounts reported in the grant application. Additionally, we were unable to verify if the correct socioeconomic status was properly reported for any of the students.

The lack of internal controls was a systemic issue throughout the audit period. The lack of documentation presented for audit was an issue for the 2022-2023 grant.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.334 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 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. . . ."

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 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, Real Time reports were not maintained for audit, and, as such, we could not determine if the School Corporation complied with the Eligibility compliance requirement.

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 Real Time reports are maintained for audit.

Views of Responsible Officials

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-004

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-006.

Condition and Context

State educational agencies (SEA), in consultation with local educational agencies (LEA), are required to establish and maintain an assessment security system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security measures and ensure that LEAs implement those policies and procedures. As such the Indiana Department of Education created and published the Indiana Assessments Policy Manual.

As a part of the assessment security, any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity statement that remains on file in the appropriate building-level office each year. Each individual required to sign the testing integrity agreement shall sign the form by an established date.

The School Corporation had a process to provide assessment system security training and to ensure each employee that attended training signed the agreement indicating training was received. However, there was no documentation of a review process to confirm that all appropriate staff completed assessment system security training as required.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 establish a proper system of internal controls and develop policies and procedures to ensure documentation of internal controls is maintained for audit.

Views of Responsible Officials

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

FINDING 2023-005

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

Federal Agency: Department of Education

Federal Program: Special Education Grants to States, COVID-19 - Special Education Grants to States

Assistance Listings Numbers: 84.027A, 84.027X

Federal Award Numbers and Years (or Other Identifying Numbers): 19611-117-PN01, 20611-117-PN01,
21611-117-PN01, 22611-117-ARP

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a person with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not sufficient procedures in place. Three covered transactions, totaling \$241,059, that equaled or exceeded \$25,000 were identified. All three transactions were selected for testing. For the three transactions, the School Corporation did not verify the vendor's suspension and debarment status prior to payment.

The lack of effective 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). . . ."

2 CFR 180.300 states:

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

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

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, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

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

RUSH COUNTY SCHOOLS
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 system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

Views of Responsible Officials

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

FINDING 2023-006

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation was required to submit an annual data report to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period, the School Corporation submitted two ESSER I reports, two ESSER II reports, and two ESSER III reports, for a total of six reports. After the annual data reports were prepared, they were reviewed by a second knowledgeable individual; however, this process did not allow for the prevention, or detection and correction, of errors prior to submission.

Due to the lack of effective internal controls, two of the six annual data reports were not supported by the School Corporation's records. The issues identified are noted below:

1. For the ESSER III, Year 1 report, which covered the period of July 1, 2020 to June 30, 2021, total expenses, per the report, were \$2,187,386; however, the School Corporation's ledger had total expenses for the award, for that time period, of \$0.
2. For the ESSER III, Year 2 report, which covered the period of July 1, 2021 to June 30, 2022, total expenses, per the report, were \$0; however, the School Corporation's ledger had total expenses for the award, for that time period, of \$438,684.

The lack of internal controls and noncompliance were isolated to the ESSER III, Year 1 and Year 2 reports.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

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

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

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

Cause

A proper system of internal controls 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 ESSER III, Year 1 and Year 2 reports were not supported by the School Corporation's 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.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure that all reports are supported by the ledgers or report used to complete the reports.

Views of Responsible Officials

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

FINDING 2023-007

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY22, FY23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-004.

Condition and Context

Procurement

The School Corporation was to submit a new procurement plan for fiscal year 2022-2023 to the Indiana Department of Education (IDOE). The School Corporation did not complete or submit the 2022-2023 Procurement Plan as required. Per inquiry of the Food Service Director, the plan was not submitted as the School Corporation was unaware that it was required.

Suspension and Debarment

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a person with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not sufficient procedures in place. Six covered transactions, totaling \$403,734, that equaled or exceeded \$25,000 were identified. All six transactions were selected for testing. For four of the six covered transactions, totaling \$171,379, the School Corporation did not verify the vendor's suspension and debarment status prior to payment.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

2 CFR 200.318(a) states:

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

2 CFR 180.300 states:

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

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

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, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded. In addition, the 2022-2023 procurement plan was not submitted to the IDOE as required.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards and that the procurement plan is submitted to the IDOE.

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

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

Assistance Listings Number: 10.555

Federal Award Number and Year (or Other Identifying Number): FY23

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition and Context

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

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

- a. Standard sample size - The lesser of three percent or 3,000 of the approved applications on file as of October 1, selected from error-prone applications. For this purpose, error prone applications are those showing household incomes within \$100 monthly or \$1,200 annually of the income eligibility guidelines for free and reduced price meals.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

b. Alternative sample sizes - 1) The lesser of 3 percent or 3,000 applications selected at random from approved applications on file as of October 1 of the school year, or (2) The sum of (a) the lesser of 1 percent of all applications identified as error-prone or 1,000 error-prone applications, and (b) the lesser of 1/2 of 1 percent of, or 500, approved applications in which the household provided, in lieu of income information, a case number showing participation in the SNAP, TANF, or FDPIR.

In accordance with the above guidance, the School Corporation selected a sample of verifications based on the alternative sample size. As such, the School Corporation was required to review the lesser of 3 percent or 3,000 applications selected at random from approved applications on file as of October 1 of the 2022-2023 school year. On October 1, the School Corporation had 180 applications on file and determined that 6 applications were required to be verified.

Although one employee was responsible for performing the required verification of the 6 free and reduced-price applications and another employee reviewed the applications, the internal control was not effective and did not prevent, or detect and correct, errors. There was no documentation of an oversight, review, or approval process to ensure that the verifications were properly performed.

All 6 of the required verifications were selected for testing. There were 2 of the 6 verified applications that were calculated incorrectly resulting in improper eligibility status changes.

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

7 CFR 245.6a states in part:

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

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, verifications for free and reduced price applications were not appropriately changed.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-009

Subject: Child Nutrition Cluster - Internal Controls
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): FY23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

For fiscal year 2021-2022, the Cafeteria Secretary was responsible for making the eligibility determinations without an oversight or review process to ensure income verification, calculations, and information entered in the software system was accurate and the eligibility status was correct. For 2022-2023, the School Corporation changed its process, and the Food Service Director started reviewing the eligibility determinations made by the Cafeteria Secretary. However, there was not always documented evidence of the review.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

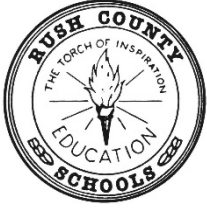
Views of Responsible Officials

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

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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.



RUSH COUNTY SCHOOLS

Jim Jameson, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Internal Controls over Financial Transactions and Reporting

Summary of Finding:

The School Corporation did not have a proper system of internal control related to payroll disbursements and cash and investments.

Payroll Disbursements

The Deputy Treasurer entered payroll disbursement information into the accounting system. There were no documented controls in place, such as an oversight, review, or approval process to ensure the accuracy of the information entered.

Cash and Investments

The Corporation Treasurer performed the monthly bank reconciliations. Contained in the monthly bank reconciliation files were cleared transaction reports, outstanding transaction reports, and the bank statements. The bank statements were initialed by the Deputy Treasurer. However, the Deputy Treasurer was not provided with a documented comparison between the adjusted bank balances and the funds ledger balance, which would be needed in order for the reviewer to detect errors.

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

Response Comments:

N/A

FINDING 2019-002

Fiscal year in which the finding initially occurred: 2011-2012

Current Audit Period: 7/1/21 to 6/30/23

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

Summary of Finding:

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation had not established effective internal controls over the federal award information entered into the Indiana

Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The federal award information was entered into Gateway without a control process in place to ensure its accuracy before submission. One official was responsible for gathering and entering the information into Gateway without oversight or review. The SEFA contained material errors.

Status of Audit Finding: Partially corrected

Response Comments:

We started to implement the internal controls, but due to employee turnover it has not completely been corrected. We will continue to have monthly meetings with the Treasurer, Superintendent, and Grant Coordinator and document what was discussed in the meetings. The monthly meetings should help to gather the correct information to be entered into Gateway annually. The Treasurer will go over the financial information for the federal grants prepared and submitted into Gateway with the Grant Coordinator, to review for potential errors. Grant Coordinator will sign off after the review is complete.

FINDING 2019-003

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Internal Controls

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Status of Audit Finding: Partially corrected.

Response Comments:

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, School Food Accounts, and Paid Lunch Equity were fully corrected, and the original corrective action was implemented.

The middle school cafeteria secretary, Connie Amos, will contact parents regarding verification of free/reduced lunch applications. This information will then be reviewed by the Food Service Director, Nancy Schroeder, to determine whether the information is accurate. Parents are always notified of any changes to the lunch status.

FINDING 2019-005

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster - Eligibility

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement. The School Corporation had not designed or implemented policies and procedures to ensure that it had complied with the eligibility requirements regarding the notification of the household's eligibility. Officials were unable to provide evidence that parents/guardians were notified of their children's eligibility for benefits for 18 of 40 applicants tested.

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

Response Comments:

N/A

FINDING 2019-006

Fiscal year in which the finding initially occurred: 2015

Current Audit Period: 7/1/21 to 6/30/23

**Finding Subject: Child Nutrition Cluster – Procurement and Suspension and Debarment
Summary of Finding:**

The School Corporation did not have an effective internal control system in place to ensure that the bidding process was adequate and utilized for vendors who met the simplified acquisition threshold. Supporting documentation for the rationale behind the selection of a vendor was not retained by the School Corporation for fiscal year 2017-2018. In 2018-2019 an Educational Service Center was utilized for procurement and controls for the Education Service Center were adequate.

The School Corporation did not have an effective internal control system in place to ensure that an adequate number of price or rate quotations were obtained for vendors who met the small purchases threshold. Supporting documentation for the rationale behind the selection of a vendor was not retained by the School Corporation.

The School Corporation did not have an effective internal control system in place to ensure that for the purchases that met the micro-purchases threshold, they had a rationale behind the selection of the vendors, and that all supporting documentation for the rationale was retained.

The School Corporation did not maintain proper records to verify suspension and debarment. The School Corporation did not inquire or maintain records that addressed the suspension and debarment requirement for all vendors over the \$25,000 threshold for 2017-2018 and 20182019, with the exception of the vendors procured by the Educational Service Center for 20182019

Status of Audit Finding: Not corrected

Response Comments:

Due to turnover in the Superintendent position and Food Service Director position, there was no access to SAM to verify vendor. This has been now been corrected and the Superintendent and Assistant Superintendent have access to SAM. They will verify for the Food Service Director any company will wish to deal with over \$25,000.

Future purchases will meet the school corporation's procurement policy. All vendors in which expenditure exceed \$25,000 will reviewed by the Food Service Director and either the Superintendent or Assistant Superintendent.

FINDING 2019-007

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

**Finding Subject: Child Nutrition Cluster – Program Income
Summary of Finding:**

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly recorded. In testing the receipting of school food service funds from the Extracurricular Accounts (ECA) to the School Corporation's School Lunch fund, there were differences between amounts

transferred from the ECA and the amounts recorded in the School Lunch fund. As a result, the program income recorded did not accurately reflect the total income for meals served.

The School Corporation had not separated incompatible activities related to the assessment and recording of program income. There were no control procedures in place to ensure that the proper meal prices were being charged or that program income was properly recorded in the School Lunch fund. In some instances, the School Corporation did not charge approved prices as outlined in the paper handbook.

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

Response Comments:

N/A

FINDING 2019-011

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Title I Grants to Local Educational Agencies - Internal Controls

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not designed or implemented adequate internal controls to ensure that disbursements were only for Title I program costs. Amounts charged to the program as recorded in the ledger were not properly reviewed by management to ensure that they were for activities allowable, and were in accordance with allowable costs/cost principles.

Eligibility

The October 1st Real Time Report of Pupil Enrollment (PE) was used by IDOE to pull data into the Title I application. These numbers were used to calculate Percent Poverty which was then used to rank schools for Title I eligibility. One person was primarily responsible for compiling and uploading student data, including poverty status, for Real Time reports. There was no control in place, such as an oversight, review, or approval process to ensure eligibility was properly determined.

Reporting

The School Corporation had not designed or implemented internal controls over payroll or vendor claims that would prevent or detect and correct noncompliance related to State Per Pupil Expenditure (SPPE) Reporting. One person was primarily responsible for preparing payroll and vendor claims. The School Board approved payroll claims in total without detail to determine the payee or the fund from which the payroll expenditure was being paid. The School Board also approved vendor claims without detail of the fund from which the expenditure was being paid. There was no control in place to ensure the SPPE report was accurate.

One person was responsible for completing the Final Annual Expenditure Report. There was no documentation of a control in place, such as an oversight, review, or approval process to ensure the report was accurate.

There were no controls over the Form 9 Transmittal Edit prior to submission of the Form 9 data. One person was responsible for preparing the financial data, transmitting the data from the accounting system to the Indiana Department of Education for Form 9 reporting, and submitting the Form 9 Report. There was no documentation of a control in place, such as an oversight, review, or approval process to ensure the report was accurate.

Special Tests and Provisions - Participation of Private School Children

The School Corporation had not established a system of internal control to ensure that Private School Children participating in the Title I program had received the services that the School Corporation planned to provide per their grant application.

Special Test and Provisions - Annual Report Card, High School Graduation Rate

One person was primarily responsible for compiling and uploading student data, including mobility codes, for Real Time reports. The School Corporation did not have effective controls over the Real Time reporting to ensure mobility codes were properly reported.

Status of Audit Finding: Partially corrected

Response Comments:

The areas of Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, Participation of Private School Children, and Annual Report Card, High School Graduation Rate have been fully corrected, and the original corrective action was implemented.

Eligibility – The Technology Director, Brevin Runnebohm will supply the Title I director with the official October 1 count each school year. This count will be used by the Grant Coordinator, Nancy Schroeder to determine the enrollment numbers in the Title I application have been prepopulated correctly. The Grant Coordinator will sign off that she has reviewed this information and find it accurate.

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2011

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

The School Corporation had not established an effective system of internal controls over cash and investments and financial close and reporting.

Cash and Investments

The School Corporation's internal controls over cash and investments were not properly implemented. The Treasurer performed the monthly bank reconciliements which included the preparation and completion of a bank statement check list. However, there was no documentation of another employee reviewing the reconciliements to ensure accuracy and completeness.

Financial Close and Reporting

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR). The supporting documentation for the AFR was prepared by the Treasurer and reviewed and approved by the School Board members. However, the internal control was not effective and did not detect and allow correction of errors on the financial statement for fiscal year 2019-2020

Status of Audit Finding: Partially corrected

Response Comments:

Due to employee turnover, this was partially corrected. The internal controls over cash and investments were fully corrected. The Treasurer will complete the Annual Financial Report (AFR). Once completed, the Treasurer will go over the report with the Deputy Treasurer to review for potential errors. The final report will also be sent to the Superintendent to review for any corrections that might need to be corrected. Treasurer will have the Deputy Treasurer and Superintendent Signoff that they believe the report to be correct.

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2013

Current Audit Period: 7/1/21 to 6/30/23

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

Summary of Finding:

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although the Treasurer prepared and entered the federal award information into Gateway, and the School Board reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Status of Audit Finding: Partially corrected

Response Comments:

We started to implement the internal controls, but due to employee turnover it has not completely been corrected. We will continue to have monthly meetings with the Treasurer, Superintendent, and Learning Loss Coordinator. Document what was discussed in the meetings. The monthly meetings should help to gather the correct information to be entered into Gateway annually.

FINDING 2021-003

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Internal Controls

Summary of Finding:

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

Eligibility

The Middle School Cafeteria Secretary processed free and reduced price lunch applications. The Food Service Director reviewed the applications. No documentation of the review process over notification of the household's eligibility for direct certifications was provided for the audit period.

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

The Middle School Cafeteria Secretary was responsible for the completion of the verification of free and reduced price applications. The Food Service Director reviewed the verified applications. No documentation of the Food Service Director's review was provided for the audit period.

Status of Audit Finding: Partially corrected

Response Comments:

Since the 2019 audit, the responsibility of the Free/Reduced lunch applications was shifted to the middle school cafeteria secretary, Connie Amos. Mrs. Amos reviews information in the application and designates rather it meets the criteria for Free, Reduced, or Paid lunches. The Food Service Director, Nancy Schroeder will also review the applications and confirm the results calculated by Mrs. Amos. This control was brought to our attention late in the application process so only part of the applications were reviewed. Now 100% of all applications will be reviewed by two people.

The middle school cafeteria secretary, Connie Amos, will contact parents regarding verification of their free/reduced lunch application. This information will then be reviewed by the Food Service Director, Nancy Schroeder, to determine the information is accurate. Parents are always notified on any changes to the lunch status.

FINDING 2021-004

Fiscal year in which the finding initially occurred: 2015

Current Audit Period: 7/1/21 to 6/30/23

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

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation did not obtain price or rate quotes for purchases of goods and services exceeding \$10,000 from an adequate number of sources, which fell under small purchase procedures. Supporting documentation for the rationale behind the selection of a vendor was not retained by the School Corporation. In addition, contracts were not entered into for small purchases above \$50,000 as required by state statute.

Suspension and Debarment

The School Corporation was a member of the East Central Educational Service Center (ECESC) during fiscal year 2019-2020 and 2020-2021. ECESC verified that vendors were not suspended or debarred when securing bids for food, dairy, and bread products on behalf of the member schools. However, for purchases of goods and services exceeding \$25,000 handled by the School Corporation, vendors were not verified for suspension and debarment to ensure vendors were not suspended or debarred from participation in federal programs.

Status of Audit Finding: Partially corrected

Response Comments:

Due to turnover in the Superintendent position and Food Service Director, position there was no access to SAM to verify vendor. This has been now been corrected and the Superintendent and Assistant Superintendent have access to SAM. They will verify for the Food Service Director any company will wish to deal with over \$25,000.

Future purchases will meet the school corporation's procurement policy. All vendors in which expenditure exceed \$25,000 will reviewed by the Food Service Director and either the Superintendent or Assistant Superintendent.

FINDING 2021-005

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster - Program Income

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

The School Corporation had not designed or implemented adequate internal controls to ensure program income was correctly recorded in the School Lunch fund. There were differences identified between the amounts transferred from the Extracurricular Accounts (ECA) and the amounts recorded in the School Lunch fund when receipting school food collections from the ECA to the School Corporation's School Lunch fund. As a result, the program income recorded did not accurately reflect the total income for meals served. For the one month tested in fiscal year 2019-2020, sales of \$60,608 were recorded in the School Lunch fund, in a materially correct manner, but the Prepaid School Lunch Accounts fund was not established until February 2020 per the School Corporation records.

Additionally, in 2020-2021, all receipts at the ECA level for cafeteria activity were recorded in the Prepaid School Lunch Clearing fund, and none of the monthly school food program sales were recorded and transferred to the School Lunch fund. For the two months tested in 2020-2021, all school food sales receipts of \$4,988 and \$11,094, respectively, were posted entirely in the Prepaid School Lunch Accounts fund for the School Corporation.

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

Response Comments:

N/A

FINDING 2021-006

Fiscal year in which the finding initially occurred: 2015

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Title I Grants to Local Educational Agencies - Internal Controls

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security compliance requirements.

Eligibility

The October 1st Real Time Report of Pupil Enrollment (PE) was used by the Indiana Department of Education to pull data into the Title I application. These numbers were then used to calculate Percent Poverty which was used to rank schools for Title I eligibility. One person was primarily responsible for compiling and uploading student data, including poverty status, for Real Time reports. There was no internal control in place, such as an oversight, review, or approval process to ensure eligibility was properly determined.

Reporting

The 2018-2019 Final Annual Expenditure Report was completed by one person with no documentation of review. There was no documentation of an internal control in place such as an oversight, review, or approval process to ensure the report was accurate.

Special Tests and Provisions - Assessment System Security

The School Corporation did not provide documentation which indicated that a comparison of the School Corporation's current testing security policy was up to date with state guidelines and requirements for assessment system security. In addition, there was no documentation of a review process to confirm that appropriate staff completed assessment system security training as required.

Status of Audit Finding: Partially corrected.

Response Comments:

Reporting was fully corrected, and the original corrective action was implemented.

Eligibility – The Technology Director, Brevin Runnebohm will supply the Title I director with the official October 1 count each school year. This count will be used by the Grant Coordinator, Nancy Schroeder to determine the enrollment numbers in the Title I application have been prepopulated correctly. The Grant Coordinator will sign off that she has reviewed this information and find it accurate.

Special Tests and Provision – Assessment System Security – All personnel who come in contact with state assessment are trained in prodigals, procedures, and security. Everyone trained has completed a security and integrity agreement, which is kept on file at each school. The School Testing Coordinators (principals) will send to the Corporation Testing Coordinator, Tanner Hedrick, a copy of the security and integrity agreement and a copy of the sign in sheet for the state assessment training. Mr. Hedrick will verify that all appropriate personnel have be adequately training and will sign the sign in sheets after he confirms the information is complete.

FINDING 2021-007

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: 7/1/21 to 6/30/23

**Finding Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Summary of Finding:**

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

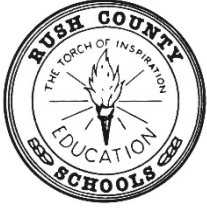
The School Corporation had not designed or implemented adequate internal controls to ensure that disbursements were only for Title I program costs. Amounts charged to the program as recorded in the ledger were not properly reviewed by management to ensure they were in accordance with allowable costs/cost principles.

From a sample of 40 payroll transactions selected for testing, two employees who maintained Personnel Activity Reports (PAR) did not consistently have the portion of their time spent on the programs appropriately charged to the grants. Over the course of the audit period, one employee who had allocated 50 percent of their time to Title I on the PAR had only 38 percent of their salary charged to the grant program. The second employee allocated 93 percent of their time to Title I; however, 100 percent of the employee's salary was charged to the grant program.

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

Response Comments:

N/A



RUSH COUNTY SCHOOLS

Jim Jameson, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. For the 2021-2022 year, the Treasurer prepared and submitted the information, and it was reviewed by the School Board; however, the internal control was not effective and did not detect and allow for correction of errors prior to submission. For the 2022-2023 school year, the Treasurer prepared and submitted the information without a documented control in place to prevent, or detect and correct, errors.

Contact Person Responsible for Corrective Action: Julie Cramer

Contact Phone Number and Email Address: 765-932-4186 cramerj@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

The Treasurer will go over the financial information prepared and submitted into Gateway with the Deputy Treasurer, to review for potential errors. The Treasurer will go over the final report with the Superintendent. Once the report is final, the Treasurer will submit in Gateway.

Anticipated Completion Date: August 29, 2024

FINDING 2023-002

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. For the 2021-2022 year, the Treasurer prepared and submitted the information, and it was reviewed by the School Board; however, the internal control was not effective and did not detect and allow for correction of errors prior to submission. For the 2022-2023 school year, the Treasurer prepared and submitted the information without a documented control in place to prevent, or detect and correct, errors prior to submission.

Contact Person Responsible for Corrective Action: Julie Cramer
Contact Phone Number and Email Address: 765-932-4186 cramerj@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

The Treasurer will go over the financial information for the federal grants prepared and submitted into Gateway with the Grant Coordinator, to review for potential errors. Grant Coordinator will sign off after review is complete.

Anticipated Completion Date: August 29, 2024

FINDING 2023-003

Finding Subject: Title I Grants to Local Educational Agencies - Eligibility

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The October 1st Real Time Report of Pupil Enrollment (PE) was used by the Indiana Department of Education to pull data into the Title I application. These numbers were then used to calculate Percent Poverty which was used to rank schools for Title I eligibility. One person was primarily responsible for compiling and uploading student data, including poverty status for Real Time reports. There was no additional review or verification being done to ensure that the numbers being pre-populated on the grant applications were correct. There was no internal control in place, such as an oversight, review or approval process to ensure eligibility was properly determined.

The Indiana Department of Education (IDOE) used the October 1 Real Time reports for fiscal years 2020-2021 and 2021-2022, as provided by the School Corporation, to determine Title I Eligibility for the 2021-2022 and 2022-2023 grant programs, respectively. There was no October 1 Real Time report presented for audit for fiscal year 2021-2022, which would have been used to pull in enrollment and poverty information for the 2022-2023 grant. Therefore, we were unable to verify if the amounts reported in the grant application were correct. Additionally, we were unable to verify if the correct socioeconomic status was properly reported for any of the students.

Contact Person Responsible for Corrective Action: Nancy Schroeder
Contact Phone Number and Email Address: 765-932-3901 schroedern@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Eligibility – The Technology Director, Brevin Runnebohm will supply the Title I director with the official October 1 count each school year. This will be retained for audit and will be used by the Grant Coordinator, Nancy Schroeder, to determine the enrollment numbers in the Title I application have

been prepopulated correctly. The Grant Coordinator will sign off that she has reviewed this information and find it accurate.

Anticipated Completion Date: 10/2024

FINDING 2023-004

Finding Subject: Title I Grants to Local Educational Agencies - Internal Controls

Summary of Finding:

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

There was no documentation of a review process to confirm that all appropriate staff completed assessment system security training as required.

Contact Person Responsible for Corrective Action: Nancy Schroeder

Contact Phone Number and Email Address: 765-932-3901 schroedern@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Special Tests and Provision – Assessment System Security – All personnel who come in contact with state assessment are trained in prodigals, procedures, and security. Everyone trained has completed a security and integrity agreement, which is kept on file at each school. The School Testing Coordinators (principals) will send to the Corporation Testing Coordinator, Tanner Hedrick, a copy of the security and integrity agreement and a copy of the sign in sheet for the state assessment training. Mr. Hedrick will verify that all appropriate personnel have been adequately trained and will sign the sign in sheets after he confirms the information is complete.

Anticipated Completion Date: April 2024

FINDING 2023-005

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

Summary of Finding:

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a person with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not sufficient procedures in place. Three covered transactions that equaled or exceeded \$25,000 were identified. All three transactions were selected for testing. For the

three transactions, the School Corporation did not verify the vendor's suspension and debarment status prior to payment.

Contact Person Responsible for Corrective Action: Julie Cramer
Contact Phone Number and Email Address: 765-932-4186 cramerj@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Due to turnover in the Superintendent position and Grant Coordinator, position there was no access to SAM to verify vendor. This has been now been corrected and the Superintendent and Assistant Superintendent have access to SAM. They will verify for the Grant Coordinator any company will wish to deal with over \$25,000.

Future purchases will meet the school corporation's procurement policy. All vendors in which expenditure exceed \$25,000 will reviewed by the Grant Coordinator and either the Superintendent or Assistant Superintendent.

Anticipated Completion Date: April 2024

FINDING 2023-006

Finding Subject: COVID-19 Education Stabilization Fund - Reporting

Summary of Finding:

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. After the annual data reports were prepared, they were reviewed by a second knowledgeable individual; however, this process did not allow for the prevention, or detection and correction of errors prior to submission. Due to the lack of effective internal controls, two of the six annual data reports were not supported by the School Corporation's records.

Contact Person Responsible for Corrective Action: Nancy Schroeder
Contact Phone Number and Email Address: 765-932-3901 schroedern@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Information in the ESSER III Year 1 and Year 2 reports were entered into incorrectly. The Superintendent or Corporation Treasurer will review all ESSER reports with the Grant Coordinator, Nancy Schroeder, to ensure accuracy.

Anticipated Completion Date: April 2024

FINDING 2023-007

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

Summary of Finding:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation did not complete or submit the fiscal year 2023 Procurement Plan as required to the Indiana Department of Education.

Suspension and Debarment

The School Corporation was a member of the East Central Educational Service Center (ECESC) during fiscal years 2021-2022 and 2022-2023. ECESC verified that vendors were not suspended or debarred when securing bids for food, dairy, and bread products on behalf of the member schools. However, for purchases of goods and services exceeding \$25,000 handled by the School Corporation, 3 of the 5 vendors selected for testing were not verified for suspension and debarment to ensure vendors were not suspended or debarred from participation in federal programs.

Contact Person Responsible for Corrective Action: Julie Cramer

Contact Phone Number and Email Address: 765-932-4186 cramej@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Due to turnover in the Superintendent position and Food Service Director, position there was no access to SAM to verify vendor. This has been now been corrected and the Superintendent and Assistant Superintendent have access to SAM. They will verify for the Food Service Director any company will wish to deal with over \$25,000.

Future purchases will meet the school corporation's procurement policy. All vendors in which expenditure exceed \$25,000 will reviewed by the Food Service Director and either the Superintendent or Assistant Superintendent.

Procurement – A 2023 procurement plan has been developed and will be sent to the Indiana Department of Education.

Anticipated Completion Date: April 2024

FINDING 2023-008

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

Summary of Finding:

One employee was responsible for performing the required verification of the free and reduced price applications. While the verification was reviewed by a second person, that control was not effective. All six of the required verified applications in the fiscal year 2022-23 were tested. Two of the six verified applications were calculated incorrectly resulting in improper eligibility status changes.

Contact Person Responsible for Corrective Action: Nancy Schroeder

Contact Phone Number and Email Address: 765-932-3901 schroedern@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

The middle school cafeteria secretary, Connie Amos, will contact parents regarding verification of their free/reduced lunch application. This information will then be reviewed by the Food Service Director, Nancy Schroeder, to determine the information is accurate. Parents are always notified on any changes to the lunch status.

Anticipated Completion Date: April 2024

FINDING 2023-009

Finding Subject: Child Nutrition Cluster – Internal Controls

Summary of Finding:

Eligibility determinations were made by the Cafeteria Secretary, and are now reviewed by the Food Service Director. However, this control was not in place for the majority of the audit period.

Contact Person Responsible for Corrective Action: Nancy Schroeder

Contact Phone Number and Email Address: 765-932-3901 schroedern@rushville.k12.in.us

Views of Responsible Officials: We concur with the finding.

Explanation and Reasons for Disagreement:

N/A

Description of Corrective Action Plan:

Since the 2019 audit, the responsibility of the Free/Reduced lunch applications was shifted to the middle school cafeteria secretary, Connie Amos. Mrs. Amos reviews information in the application and designates if it meets the criteria for Free, Reduced, or Paid lunches. The Food Service Director, Nancy Schroeder will also review the applications and confirm the results calculated by Mrs. Amos. This control was brought to our attention late in the application process so only part of the applications were reviewed. Now 100% of all applications will be reviewed by two people.

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/>.