

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION

PUTNAM COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

02/27/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-24
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	26-28
Corrective Action Plan	29-31
Other Reports.....	32

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Hilarie Logan	07-01-21 to 06-30-24
Superintendent of Schools	Corey Smith	07-01-21 to 06-30-24
President of the School Board	Hollie Hutcheson Lisa Cooper	07-01-21 to 06-30-22 07-01-22 to 06-30-24



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

TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM 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 South Putnam Community School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 15, 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 item 2023-002.

South Putnam Community School Corporation's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 15, 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 SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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.

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)

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 15, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 15, 2024

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
USDA Breakfast Program			FY2022	\$ -	\$ 148,267	\$ -	\$ -
USDA Breakfast Program			FY2023	-	-	-	101,056
Total - School Breakfast Program				-	148,267	-	101,056
National School Lunch Program							
USDA Lunch Program	Indiana Department of Education	10.555					
USDA Lunch Program			FY2022	-	543,896	-	-
Commodities			FY2023	-	-	-	381,571
Supply Chain Assistance			FY2022 & FY2023	-	60,089	-	43,322
Supply Chain Assistance			7182022IN890342	-	-	-	49,668
Supply Chain Assistance			7182023IN890342	-	-	-	26,585
Total - National School Lunch Program				-	603,985	-	501,146
Total - Child Nutrition Cluster				-	752,252	-	602,202
Child Nutrition Discretionary Grants Limited Availability							
Equipment Grant	Indiana Department of Education	10.579					
			7182020IN8103	-	23,617	-	-
Total - Child Nutrition Discretionary Grants Limited Availability				-	23,617	-	-
Total - Department of Agriculture				-	775,869	-	602,202
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2019 Federal Part B 611 Grant			19611-046-PN01	-	1,334	-	-
FY 2020 Federal Part B 611 Grant			20611-044-PN01	-	6,200	-	-
FY 2021 Federal Part B 611 Grant			21611-044-PN01	-	134,498	-	1,531
FY 2022 Federal Part B 611 Grant			22611-044-PN01	-	181,006	-	124,083
FY 2023 Federal Part B 611			23611-044-PN01	-	-	-	209,608
Subtotal - Special Education Grants to State				-	323,038	-	335,222
COVID-19 - Special Education Grants to States		84.027X					
FY 2022 IDEA ARP 611 Grant			22611-044-ARP	-	1,028	-	61,066
Total - Special Education Grants to State				-	324,066	-	396,288

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2019 Federal Preschool 619 Grant			19619-046-PN01	-	58	-	-
FY 2020 Federal Preschool 619 Grant			20619-044-PN01	-	11,579	-	-
FY 2021 Federal Preschool 619 Grant			21619-044-PN01	-	116	-	11,410
FY 2022 Federal Preschool 619 Grant			22619-044-PN01	-	189	-	138
FY 2022 Federal Preschool 619 Grant			23619-044-PN01	-	-	-	338
Subtotal - Special Education Preschool Grants				-	11,942	-	11,886
COVID-19 - Special Education Preschool Grants		84.173X					
FY 2022 IDEA ARP 619 Grant			22619-044-ARP	-	-	-	1,673
Total - Special Education Preschool Grants				-	11,942	-	13,559
Total - Special Education Cluster (IDEA)				-	336,008	-	409,847
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2018-2019			7000S010A180014	-	59,835	-	-
Title I 2019-2020			7000S010A190014	-	141,679	-	-
Title I 2021-2022			7000S010A210014	-	-	-	334,298
Title I 2022-2023			7000S010A220014	-	-	-	127,637
Total - Title I Grants to Local Educational Agencies				-	201,514	-	461,935
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA FY18			S367A180013	-	28,374	-	-
Title IIA FY19			S367A190013	-	32,990	-	-
Title IIA FY20			S367A200013	-	34,318	-	-
Title IIA FY21			S367A210013	-	-	-	30,539
Title IIA FY22			S367A220013	-	-	-	27,682
Total - Supporting Effective Instruction State Grants				-	95,682	-	58,221

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2019-2020 Grant			S424A190015	-	795	-	178
2021-2022 Grant			S424A210015	-	-	-	9,649
2022-2023 Grant			S424A220015	-	-	-	1,660
Total - Student Support and Academic Enrichment Program				-	795	-	11,487
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
FY 2020 GEER Grant		84.425C	S425C200018	-	19,195	-	-
ESSER I		84.425D	S425D200013	-	11,750	-	-
ESSER II		84.425D	S425D200013	-	-	-	369,372
ESSER III		84.425U	S425U200013	-	-	-	308,832
Total - COVID-19 - Education Stabilization Fund				-	30,945	-	678,204
Total - Department of Education				-	664,944	-	1,619,694
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid			FY2022 & FY2023	-	31,620	-	37,771
Total - Medicaid Cluster				-	31,620	-	37,771
Total - Department of Health and Human Services				-	31,620	-	37,771
Total federal awards expended				\$ -	\$ 1,472,433	\$ -	\$ 2,259,667

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Old National Trail Special Services Cooperative

The School Corporation is a member of the Old National Trail Special Services Cooperative (Cooperative). As a result, the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to other financing sources and uses.

Other financing sources and uses include transfers made from one School Corporation fund to another School Corporation fund. Transfers can be required by Indiana Code, recommended by the Treasurer, or requested by the School Board.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation's process was that the Treasurer record transfers in the ledger and then the School Board approve the transfers. No evidence of this review or oversight process could be provided. As such, transfers were recorded without an oversight or review process to ensure the transfer was timely, accurate, and permitted.

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

Criteria

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. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Cause

Management of the School Corporation had not established a proper system of internal controls over other financing sources and uses. 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, errors.

Effect

The failure to establish an effective system of internal controls could have enabled misstatements or irregularities to occur and remain undetected.

Views of Responsible Officials

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 immediately prior audit report. The prior audit finding number was 2021-002.

Condition and Context

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

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

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although the Treasurer prepared and entered the federal award information into Gateway, and the Superintendent of Schools reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

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

1. The Title I Grants to Local Educational Agencies grant was omitted for fiscal years 2021-2022 and 2022-2023, which understated expenditures by \$201,514 and \$461,935, respectively.
2. The COVID-19 - Education Stabilization Fund grant was omitted for 2022-2023 which understated expenditures by \$678,204.
3. Several additional grants had individual immaterial errors, that resulted in misstatements of expenditures of \$553,442, in total.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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

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

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

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

Cause

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

Effect

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

Views of Responsible Officials

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-003

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U200013
Pass-Through Entity: Indiana Department of Revenue
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition and Context

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

During the audit period, the School Corporation submitted two ESSER I reports, two ESSER II reports, and two ESSER III reports, for a total of six reports. The Superintendent of Schools submitted all the reports without an oversight or review process in place to prevent, or detect and correct, errors.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

A proper system of internal controls was not designed and 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.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

Assistance Listings Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2022, FY2023, 7182022IN890342,
7182023IN890342

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

Condition and Context

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000 unless a lower, more restrictive threshold is set by a non-Federal entity. As Indiana Code has set a more restrictive threshold of \$150,000, informal procurement methods are permitted when the value of the procurement does not exceed \$150,000. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

The School Corporation had not designed or implemented internal controls, policies, or procedures to ensure that proper procurement procedures for small purchases were followed. Small purchases totaling \$156,441 were made without a documented oversight, review, or approval process.

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

Indiana Code 4-13.6-5-2 states in part:

"(a) Except as provided by this chapter and IC 16-33-4-10, if the estimated cost of a public works project is at least one hundred fifty thousand dollars (\$150,000), the division shall award a contract for the project based on competitive bids.

(b) If the estimated cost of a public works project is at least one hundred fifty thousand dollars (\$150,000), the division shall develop contract documents for a public works contract and keep the contract documents on file in its offices so that they may be inspected by contractors and members of the public. . . ."

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 and 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 control, and procedures should consist of actions that would implement these policies.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2023-005

Subject: Child Nutrition Cluster - Eligibility
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): FY2023, 7182022IN890342,
7182023IN890342
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

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

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the eligibility determination of a child receiving meals.

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

The Food Service Director was responsible for generating and reviewing the Direct Certification Reports. There was no evidence that the direct certifications were correctly and properly included in the software system, or that there was an oversight, review, or approval process over the direct certifications.

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the 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.

AUDITEE-PREPARED DOCUMENTS

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

South Putnam Community School Corporation

“Successful Tradition – Innovative Future”

3999 S US Hwy 231
Greencastle, IN 46135
(765) 653-3119 Fax: (765) 653-7476

Dr. Corey Smith, Superintendent
Erin Roach, Executive Secretary

Hilarie Logan, Treasurer
Gretchen Wallace, Benefits Manager

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: FY21
Current Audit Period: 07-01-21 to 06-30-23

Finding Subject: Financial Reporting
Summary of Finding:

The School Corporation had not properly designed or implemented internal controls to ensure the accuracy of financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and financial statement for fiscal year 2020-2021.

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

FINDING 2021-002

Fiscal year in which the finding initially occurred: FY19
Current Audit Period: 07-01-21 to 06-30-23

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

The School Corporation had not established an effective system of internal control 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). The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. The internal control in place was not effective and did not prevent, or detect and allow correction of errors, in the grant information entered into Gateway.

Status of Audit Finding: Not Corrected. The planned corrective action was implemented but did not correct the deficiency and the stated issue remains.

Response Comments:

The treasurer plans to meet with Debbie Steffy, the grant coordinator, to discuss the SEFA. The treasurer will gather the information for the SEFA & discuss the findings with Mrs. Steffy before it's entered into Gateway. The treasurer will compile all the information for the SEFA, and enter it into Gateway. Prior to submitting the report the treasurer will print the report and the superintendent will verify the report is correct. Once they have looked over the report together the treasurer will submit the report to Gateway, and the treasurer and superintendent will sign the final report.

FINDING 2021-003

Fiscal year in which the finding initially occurred: FY17
Current Audit Period: 07-01-21 to 06-30-23

Finding Subject: Child Nutrition Cluster - Eligibility

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure compliance with the grant agreement and the Eligibility compliance requirement. The Free and Reduced-Price Applications (applications) were required to be submitted online. The Food Service Director was responsible for verifying that the computer software made the correct determination for eligibility. There was no evidence of an oversight, review, or approval process that ensured the eligibility determination made by the software system was accurate. In addition, there was no evidence that the Direct Certifications were correctly and properly included in the software.

Status of Audit Finding: Partially Corrected. Only partial corrective action was taken during the fiscal year currently under audit to correct the stated deficiency.

Response Comments: The Food Service Director did sample the Free/Reduced applications to verify the computer software made the correct determination.

The FSD did not understand that the DC Matches needed to be reviewed other than by herself. Moving forward, the FSD will have the Guidance Secretary check the DC matches to ensure the FSD had applied the correct eligibility determination that the DC report reflects.

FINDING 2021-004

Fiscal year in which the finding initially occurred: FY17
Current Audit Period: 07-01-21 to 06-30-23

Finding Subject: Child Nutrition Cluster – Program Income

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. Program Income was not properly recorded in the School Lunch fund. Monthly transfers were made from the Prepaid Lunch fund (Fund 8400) to the School Lunch fund, but the transfers did not agree to the monthly sales reports. The Treasurer transferred only the amount needed to balance Fund 8400 to the detailed student account balances.

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

FINDING 2021-005

Fiscal year in which the finding initially occurred: FY21
Current Audit Period: 07-01-21 to 06-30-23

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

Summary of Finding:

An internal control system was in place at the School Corporation, but the control was not effective to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Of the 20 food service program disbursements tested, 3 contained errors. There were 58 individual items purchased, from two contracted vendors, that were not charged in accordance with contracted prices.

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

FINDING 2019-001

Fiscal year in which the finding initially occurred: FY19
Current Audit Period: 07-01-21 to 06-30-23

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

Summary of Finding:

The School Corporation had not established an effective system of internal control 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). The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. The internal control in place was not effective and did not prevent, or detect and allow correction of errors, in the grant information entered into Gateway.

Status of Audit Finding: Not Corrected. The planned corrective action was implemented but did not correct the deficiency and the stated issue remains.

Response Comments:

The treasurer plans to meet with Debbie Steffy, the grant coordinator, to discuss the SEFA. The treasurer will gather the information for the SEFA & discuss the findings with Mrs. Steffy before it's entered into Gateway. The treasurer will compile all the information for the SEFA, and enter it into Gateway. Prior to submitting the report the treasurer will print the report and the superintendent will verify the report is correct. Once they have looked over the report together the treasurer will submit the report to Gateway, and the treasurer and superintendent will sign the final report.

FINDING 2019-005

Fiscal year in which the finding initially occurred: FY19
Current Audit Period: 07-01-21 to 06-30-23

Finding Subject: Child Nutrition Cluster – Program Income

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. Program Income was not properly recorded in the School Lunch fund. Monthly transfers were made from the Prepaid Lunch fund (Fund 8400) to the School Lunch fund, but the transfers did not agree to the monthly sales reports. The Treasurer transferred only the amount needed to balance Fund 8400 to the detailed student account balances.

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

South Putnam Community School Corporation

“Successful Tradition – Innovative Future”

3999 S US Hwy 231
Greencastle, IN 46135
(765) 653-3119 Fax: (765) 653-7476

Dr. Corey Smith, Superintendent
Erin Roach, Executive Secretary

Hilarie Logan, Treasurer
Gretchen Wallace, Benefits Manager

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Material Weakness

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to other financing sources and uses.

The School Corporation had not established an effective system of internal control over transfers for other financing sources and uses. There was no evidence that there was an oversight, review, or approval process over the transfers.

Contact Person Responsible for Corrective Action: Hilarie Logan

Contact Phone Number and Email Address: 765-653-3119 hlogan@sputnam.k12.in.us

Views of Responsible Officials: *We concur with the finding*

Description of Corrective Action Plan: All employees who handle funds will participate in Internal Controls Training and sign off that they have done so. We will also incorporate dual signatures on documents as an additional means of approval/oversight.

Anticipated Completion Date: 3/2024

FINDING 2023-002

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

Summary of Finding: Material Weakness, Noncompliance

Condition and Context

The School Corporation had not established an effective system of internal control 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).

The School Corporation failed to properly review the federal grant information, prepared and submitted in Gateway. The internal control in place was not effective and did not prevent, or detect and allow correction of errors, in the grant information entered in Gateway.

Contact Person Responsible for Corrective Action: Hilarie Logan
Contact Phone Number and Email Address: 765-653-3119 hlogan@sputnam.k12.in.us

Views of Responsible Officials: *We concur with the finding*

Description of Corrective Action Plan: The school corporation has a new Grants Coordinator who will participate in Internal Controls Training and sign off that they have done so. We will also incorporate dual signatures on documents as an additional means of approval/oversight. The school plans to hire accountants from Baker Tilly to review the information before it's submitted into Gateway. Then the treasurer and superintendent will initial all reports.

Anticipated Completion Date: 3/2024

FINDING 2023-003

Finding Subject: Education Stabilization Fund - Reporting

Summary of Finding: Material Weakness

Condition and Context

Reporting

The School Corporation had not designed nor implemented a system of internal controls to ensure that the six Elementary and Secondary School Emergency Relief (ESSER) annual data reports required to be filed during the audit period were complete and accurate prior to submission. Each of the reports were prepared by one employee without an oversight or review process in place to prevent, or detect and correct errors.

Contact Person Responsible for Corrective Action: Hilarie Logan
Contact Phone Number and Email Address: 765-653-3119 hlogan@sputnam.k12.in.us

Views of Responsible Officials: *We concur with the finding*

Description of Corrective Action Plan: The school corporation has a new Grants Coordinator who will participate in Internal Controls Training and sign off that they have done so. We will also incorporate dual signatures on documents as an additional means of approval/oversight.

Anticipated Completion Date: 3/2024

FINDING 2023-004

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

Summary of Finding: Material Weakness

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. There was no evidence that there was an oversight, review, or approval process over the Small Purchases.

Contact Person Responsible for Corrective Action: Lori Boyce
Contact Phone Number and Email Address: 765-653-3148 lboyce@sputnam.k12.in.us

Views of Responsible Officials: *We concur with the finding*

Description of Corrective Action Plan: The Food Service Director will email the Superintendent all quotes. The Food Service Director will then wait for the Superintendent to give approval for the small purchase.

Anticipated Completion Date: 2/2024

FINDING 2023-005

Finding Subject: Child Nutrition Cluster - Eligibility

Summary of Finding: Material Weakness

Condition and Context

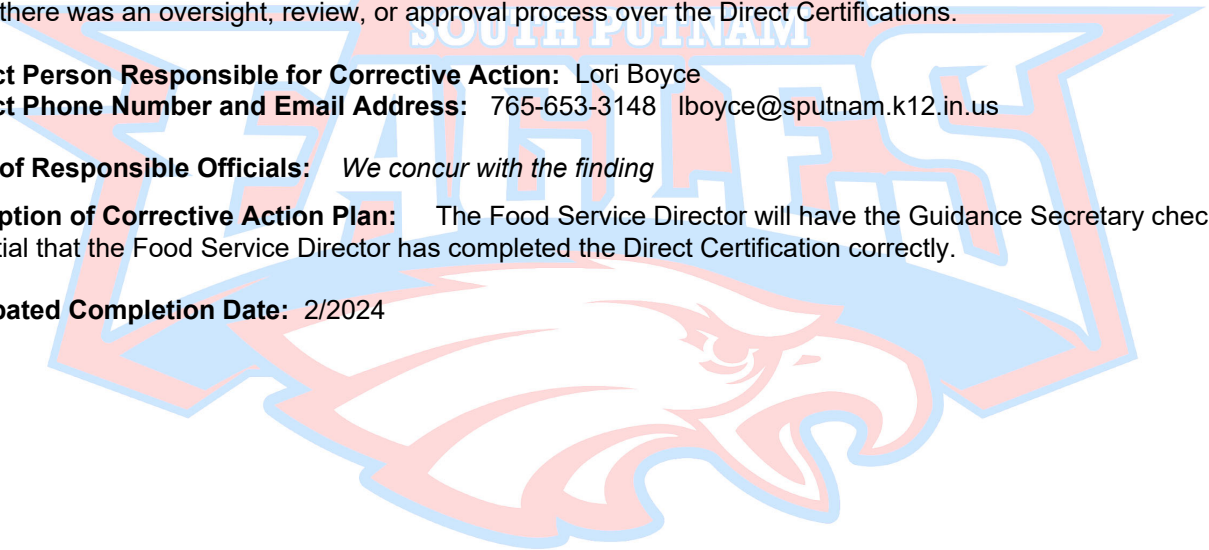
There was no evidence that the Direct Certifications were correctly and properly included in the software system, or that there was an oversight, review, or approval process over the Direct Certifications.

Contact Person Responsible for Corrective Action: Lori Boyce
Contact Phone Number and Email Address: 765-653-3148 lboyce@sputnam.k12.in.us

Views of Responsible Officials: *We concur with the finding*

Description of Corrective Action Plan: The Food Service Director will have the Guidance Secretary check and initial that the Food Service Director has completed the Direct Certification correctly.

Anticipated Completion Date: 2/2024



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/>.