

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CROTHERSVILLE COMMUNITY SCHOOLS

JACKSON COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry Richey	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Terry A. Goodin Dr. Chrystal Street	07-01-21 to 06-30-22 07-01-22 to 06-30-24
President of the School Board	Linda Luedeman Chad Ord	07-01-21 to 01-08-23 01-09-23 to 06-30-24



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

TO: THE OFFICIALS OF THE CROTHERSVILLE COMMUNITY
SCHOOLS, JACKSON 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 Crothersville Community 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 13, 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.

Crothersville Community 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 13, 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 CROTHERSVILLE COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Crothersville Community 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 COVID-19 - Education Stabilization Fund

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

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 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 for the period of July 1, 2021 to June 30, 2023.

Basis for Qualified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in items 2023-009 for Equipment and Real Property Management and 2023-010 for Reporting. Compliance with such requirements 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 2023-004 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.
- 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.

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)

- 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 2023-005, 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, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010, to be material weaknesses.

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

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)

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 13, 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 13, 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.

CROTHERSVILLE COMMUNITY 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			FY21/22	\$ -	\$ 48,228	\$ -	\$ -
School Breakfast			FY22/23	-	-	-	46,815
Total - School Breakfast Program				-	48,228	-	46,815
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY21/22	-	195,828	-	-
Supply Chain Assistance			FY21/22	-	-	-	35,622
Commodities			FY22/23	-	22,635	-	-
School Lunch			FY22/23	-	-	-	182,327
Commodities			FY22/23	-	-	-	16,155
Total - National School Lunch Program				-	218,463	-	234,104
Total - Child Nutrition Cluster				-	266,691	-	280,919
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
PEBT			FY21/22	-	614	-	-
PEBT			FY22/23	-	-	-	628
Total - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	267,305	-	281,547
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Services Unit			20611-035-PN01	-	20,480	-	-
Special Services Unit			21611-035-PN01	-	89,709	-	14,672
Special Services Unit			22611-035-ARP	-	-	-	16,727
Special Services Unit			22611-035-PN01	-	17,279	-	104,873
Special Services Unit			23611-035-PN01	-	-	-	21,487
Total - Special Education Grants to States				-	127,468	-	157,759
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Services Unit			20619-035-PN01	-	1,240	-	-
Special Services Unit			21619-035-PN01	-	3,359	-	852
Special Services Unit			22619-035-ARP	-	-	-	187
Special Services Unit			22619-035-PN01	-	-	-	4,425
Special Services Unit			23619-035-PN01	-	-	-	50
Total - Special Education Preschool Grants				-	4,599	-	5,514
Total - Special Education Cluster (IDEA)				-	132,067	-	163,273

CROTHERSVILLE COMMUNITY 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I School Improvement			S010A190014	-	23,250	-	-
Title I Part A			S010A200014	-	20,120	-	-
Title I Part A			S010A210014	-	64,924	-	17,956
Title I Part A			S010A220014	-	-	-	72,570
Total - Title I Grants to Local Educational Agencies				-	108,294	-	90,526
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st Century Community Learning Center			S287C190014	-	30,071	-	-
Rural Education	Indiana Department of Education	84.358					
Small & Rural Schools		84.358A	S358A211167	-	35,857	-	-
Small & Rural Schools		84.358A	S358A221114	-	-	-	34,498
Total - Rural Education				-	35,857	-	34,498
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA			S367A220013	-	-	-	16,376
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
ESSER III		84.425U	S425U210013	-	244,577	-	164,854
ESSER I		84.425D	S425D200013	-	35,266	-	-
ESSER II		84.425D	S425D210013	-	256,583	-	-
GEER Grant		84.425C	S425C200018	-	34,731	-	-
Total - COVID-19 - Education Stabilization Fund				-	571,157	-	164,854
Total - Department of Education				-	877,446	-	469,527
<u>Department of Homeland Security</u>							
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036					
COVID			DR4515	-	12,840	-	-
Total - Department of Homeland Security				-	12,840	-	-
Total federal awards expended				\$ -	\$ 1,157,591	\$ -	\$ 751,074

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

CROTHERSVILLE COMMUNITY 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.

Note 3. Madison Area Educational Special Services Unit

The School Corporation is a member of the Madison Area Educational Special Services Unit (Cooperative), which operates the special education program for the School Corporation. 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's fiscal agent.

CROTHERSVILLE COMMUNITY 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
84.010	Title I Grants to Local Educational Agencies	Qualified
84.425	COVID-19 - Education Stabilization Fund	Qualified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

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

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.

CROTHERSVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

- The Child Nutrition Cluster had errors that resulted in misstatements of expenditures of \$83,334, in total.
- Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$124,326, in total.
- Other errors included incorrect program names, identifying numbers, pass-through entities, and local project names.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

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. . . ."

CROTHERSVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

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

"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. . . .

CROTHERSVILLE COMMUNITY 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 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.

FINDING 2023-002

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

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

Financial Close and Reporting

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 School Corporation had not properly designed or implemented internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. The Treasurer prepared and submitted the financial information in Gateway without a documented review or approval process to prevent, or detect and correct, errors in the financial information prior to submission.

Due to the lack of internal controls, the AFR contained the following errors:

1. For fiscal year 2021-2022, three funds had individually immaterial errors that resulted in the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance being understated by \$106,573, \$313,592, \$133,811, and \$286,354, respectively.
2. For 2022-2023, the same three funds had individually immaterial errors that resulted in the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance being understated by \$286,354, \$340,741, \$226,333, and \$400,763, respectively.

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(Continued)

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.

Receipts

The Treasurer collected general School Corporation receipts, made deposits into the bank account, and recorded the receipts in the financial records. Although a separate individual reviewed and signed the bank deposit ticket the review did not include a comparison of the deposited funds to the receipts that made up those funds. As such, financial activity related to general receipts was completed without a documented oversight, review, or approval process to ensure that general receipt activity was accurately recorded and deposited.

School Lunch Receipts

The cafeteria cashier collected school lunch receipts and made deposits into the bank account. A separate individual reviewed and signed the bank deposit tickets, although the review process did not include a comparison of the deposited funds to the school lunch receipts that made up those funds. As such, school lunch receipts were deposited without a documented oversight, review, or approval process to ensure that school lunch receipt activity was accurately recorded and deposited.

Criteria

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

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

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

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

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

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

Cause

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Without a proper system of internal controls in place that operated effectively, material misstatements of receipts could have occurred and remained undetected.

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 - 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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition and Context

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

The School Corporation had not developed a system of internal controls over payroll transactions to ensure expenditures were allowable and in conformance with the cost principles. The Program Administrator reviewed a report attached to program reimbursement requests which had the total amount paid from each fund and account; however, a detailed payroll report was not reviewed which would have identified the employee and related payroll benefits being paid from the grant fund.

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:

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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: 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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

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(Continued)

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 either 2020-2021 or 2021-2022, which would have been used to populate enrollment and poverty information for the 2021-2022 and 2022-2023 grants, respectively. 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 and failure to maintain and provide adequate documentation 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 200.334 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. . . ."

34 CFR 200.78(a)(1) states:

"After reserving funds, as applicable, under § 200.77, including funds for equitable services for private school students, their teachers, and their families, an LEA must allocate funds under this subpart to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of public school children from low-income families in each area or school."

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(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 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 requirements.

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.

FINDING 2023-005

Subject: Title I Grants to Local Educational Agencies - Matching, Level of Effort, Earmarking

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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation 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 Matching, Level of Effort, Earmarking compliance requirement.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Earmarking

A portion of the School Corporation's Title I allocation is required to be set aside for homeless reservation. The required amount to be set aside is indicated in the Title I grant application. The School Corporation is responsible for monitoring each required set aside throughout the life of the grant to ensure the obligation is met.

There was no oversight or review process in place to ensure monitoring of each required set aside. The School Corporation did not provide documentation to show that the obligation was met or not met to service all the homeless students in the School Corporation and did not transfer the unused funds to the next grant award.

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

Level of Effort - Individual Transactions (Vendor)

The financial information submitted by the School Corporation to the Indiana Department of Education (IDOE) through the Form 9 report was used by the IDOE to calculate the School Corporation's Level of Effort - Maintenance of Effort.

The Treasurer completed vendor claims and certified them; as such, there was not an oversight or review process at the School Corporation level over vendor expenditures to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code.

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). . . ."

20 USC 6313(c)(3)(A) states:

"A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and

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(Continued)

(iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs."

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, the homeless set aside was not spent or carried forward.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure homeless set asides are spent as required.

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: Title I Grants to Local Educational Agencies - Reporting

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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation was required to submit final expenditure reports to the Indiana Department of Education (IDOE) on or before December 31, after the September 30 deadline, for encumbering prior school year funds.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit period, the School Corporation submitted three final expenditure reports. The final expenditure reports were completed and submitted by the Treasurer without an oversight or review process in place to prevent, or detect and correct, errors.

In addition, the final expenditure report for the Title I School Improvement for program year 2021, due December 30, 2021, was submitted March 7, 2024.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the final expenditure report for the Title I School Improvement grant.

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, 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.

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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. As a result, Title I reports submitted to the IDOE were not submitted in a timely manner.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-007

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation did not have effective internal controls in place to ensure that documentation regarding the reason for a student being removed from the high school graduation cohort for mobility reasons was prepared, reviewed, and retained.

CROTHERSVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement necessitated that for students removed from the high school graduation cohort for mobility reasons there be proper written documentation to support the identified mobility code. There were 11 students selected for testing. Of the 11 students tested, 1 student did not have the required supporting documentation to substantiate removal from the cohort for mobility reasons, and 9 students did not have any supporting documentation.

The lack of internal controls, noncompliance, and failure to maintain adequate supporting documentation 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). . . ."

20 USC 7801(23)(B) states:

"To remove a student from a cohort, a school or local educational agency shall require documentation, or obtain documentation from the State educational agency, to confirm that the student has transferred out, emigrated to another country, or transferred to a prison or juvenile facility, or is deceased."

2 CFR 200.334 states in part:

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

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.

CROTHERSVILLE COMMUNITY 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. As a result, proper documentation to support students' mobility was not collected, retained or provided for audit.

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 mobility documentation is collected and retained for audit.

Views of Responsible Officials

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

FINDING 2023-008

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

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): S010A190014, S010A200014,
S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

Audit Findings: Material Weakness, Other Matters

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance related to the Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation had not developed and adopted a written test security policy. Although training had been provided to staff on an annual basis, the School Corporation had not established a system of internal controls regarding test security for assessments. In addition, there were no documented internal controls in place to ensure all individuals that should have received training did receive training.

The lack of internal controls and noncompliance due to not adopting a test security policy were systemic issues throughout the audit period.

CROTHERSVILLE COMMUNITY 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 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, . . ."

511 IAC 5-5-5(b) states: "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 agreement to remain on file in the appropriate building-level office each year."

Indiana Assessment Program Manual, Section 10, Part D states in part:

". . . Locally developed written test security policies must include, but not be limited to, the following descriptions regarding how the corporation will:

- Ensure that all appropriate staff have knowledge of the Code of Ethical Practices and Procedures and understand how to secure, administer, and handle the assessments while in their possession.
- Ensure all appropriate staff receive Test Security and Integrity Training prior to IDOE's established deadline.
- Ensure all appropriate staff receive test administration training prior to the start of the state testing window for each assessment.
- Ensure staff members who will provide students with testing accommodations are familiar with each student's individual accommodation needs as per the student's IEP, ILP, Section 504 Plan, CSEP, and/or Service Plan prior to testing.
- Ensure staff members who will provide students with test accommodations receive focused training on providing such accommodations prior to the start of the state testing window for each assessment.
- Ensure all appropriate staff receive test security refresher training prior to the start of the state testing window for each assessment.
- Define and clearly communicate at least once annually for all appropriate staff how staff implementation of test administration and test security standards and procedures will be monitored by school administrators.

CROTHERSVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Provide any other information and professional development necessary to ensure that all appropriate staff have the knowledge and skills necessary to make ethical decisions related to preparing students for an assessment, administering the assessment, and interpreting the results from assessment.
- Establish a testing schedule. At a minimum, the schedule should include the assessment name, testing dates and times, applicable grade levels, content areas, and testing room locations. Local testing schedules must be developed prior to the start of the state testing window for each assessment.
- Establish an access policy for assessment materials that allows only appropriate staff to have access to test administration manuals prior to the administration of the test, but prohibits the reviewing of any secure test questions before, during, or after the assessment administration.
- Establish a process that ensures all student assessments are secure when they are not being administered.
- Annually review school materials and practices related to preparing students for assessments. The description must include an explanation regarding how the corporation will ensure test preparation materials used by school staff are appropriate and do not violate test security protocols.
- Monitor testing to ensure staff are administering assessments with fidelity in terms of test administration and test security protocols/procedures and that staff are appropriately providing students with accommodations included in their formal plan.
- Provide channels of communication that allow teachers, administrators, students, parents/guardians, and other community members to voice their concerns about testing practices they consider inappropriate (see the Testing Concerns and Security Violations Report form in Appendix C).
- Establish procedures for investigating any complaint, allegation, or concern about inappropriate testing practices, and ensuring the protection of both the rights of individuals and of the integrity of the assessment.
- Investigate any complaint of inappropriate testing practices or testing irregularities according to the Protocol for Reporting and Investigating Alleged Breaches as established and published pursuant to 511 IAC 5-5-4 (see Appendix A)."

Cause

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

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the School Corporation did not have a written test security policy.

CROTHERSVILLE COMMUNITY 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 proper system of internal controls and develop policies and procedures to ensure a written test security policy is created and adopted.

Views of Responsible Officials

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

FINDING 2023-009

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

Condition and Context

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

The School Corporation made one equipment purchase, a school bus in the amount of \$204,961, with grant funds. The school bus was acquired in June 2021, late in the prior audit period, and the expenditure was reimbursed under the ESSER II award in July 2021 in the current audit period.

The School Corporation did not maintain a capital asset ledger during the audit period, so the equipment purchased was not properly added to an asset ledger or property record. In addition, while the bus was maintained and safeguarded from theft there was no identified internal controls that would prevent, or detect and correct, noncompliance with these requirements if they were to occur.

The School Corporation did not perform a physical inventory of equipment at least once every two years as required.

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

CROTHERSVILLE COMMUNITY 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 200.313 (d) states in part:

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

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

Cause

A proper system of internal controls was not designed by management of the School Corporation, 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, a capital asset ledger was not maintained and the required inventory was not completed.

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.

CROTHERSVILLE COMMUNITY 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 proper system of internal controls and develop policies and procedures to ensure asset records are maintained and that a physical inventory is taken every two years.

Views of Responsible Officials

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

FINDING 2023-010

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.425D, 84.425U

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

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

During the audit period, the School Corporation submitted two ESSER I reports, two ESSER II reports, and one ESSER III report, for a total of five reports. A single employee prepared and submitted each annual data report without a review or oversight process in place to prevent, or detect and correct, errors.

All five reports were selected for testing, two of which were not supported by the School Corporation's records. The errors identified were as follows:

1. The ESSER I, Year 2 report, which covered the period of October 1, 2020 to June 30, 2021, reported total expenses of \$24,256; however, the School Corporation's ledger for the same period had total expenses of \$35,344.

CROTHERSVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The ESSER II, Year 1 report, which covered the period of July 1, 2020 to June 30, 2021, reported total expenditures of \$25,264; however, the School Corporation's ledger for the same period had total expenses of \$244,923. In addition, the key line items "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) - Personnel Services - Salaries" and "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) - Purchased Property Services" were reported incorrectly.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the ESSER I, Year 2 and ESSER II, Year 1 reports.

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. . . ."

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.

Effect

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

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

CROTHERSVILLE COMMUNITY 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 proper system of internal controls and develop policies and procedures to ensure all reports submitted on behalf of the COVID-19 - Education Stabilization Fund program funds are supported by the School Corporation's underlying accounting records.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

Crothersville Community Schools

201 S. Preston Street * Crothersville, IN 47229

Phone (812) 793-2601 Fax (812) 793-3004

www.crothersville.k12.in.us

Board of Education

President
Chad Ord

Member
John Riley

Superintendent
Dr. Chrystal Street

Vice President
Tiffany Reynolds

Member
Timothy Mills

Treasurer
Terry L. Richey

Secretary
James Shirley

Deputy Treasurer
Annette King

CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding:

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

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

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

The Corporation Treasurer will now be reporting commodities along with the school lunch amounts reported on the SEFA.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-002

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting which resulted in errors reported on the AFR. Controls were also not fully in place over receipts for the corporation or school lunch.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

School Lunch and Textbook Rental are now kept at the corporation level which should correct the errors to the AFR.

Superintendent or Board will be provided with a listing of receipts along with the bank reconciliation to verify receipts were posted and matched the deposit.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-003

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

Summary of Finding:

The School Corporation did not have a properly developed internal control process over payroll transactions to ensure expenditures were allowed and in conformance with the cost principles. The Program Administrator reviewed a report attached to program reimbursement requests which showed the total amount paid from each fund and account; however, a detailed payroll report was not reviewed which would have identified the employee and related payroll benefits being paid from the grant fund.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

Superintendent will start to review the detailed payroll report posted to the Title I funds to match to the reimbursement request.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-004

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

Summary of Finding:

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.

There was no October 1 Real Time report presented for audit for either fiscal year 2020-2021 or 2021-2022, which would have been used to pull in enrollment and poverty information for the 2021-2022 and 2022-2023 grants, respectively. 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: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

Superintendent will retain the Real Time reports and other supporting documentation. Superintendent will also start verifying the numbers pre-populated on the grant application to ensure correct reporting. Another person will start reviewing the application prior to submission to IDOE.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-005

Finding Subject: Title I Grants to Local Educational Agencies - Matching, Level of Effort, Earmarking

Summary of Finding:

Earmarking: There was no oversight or review process in place to ensure monitoring of each required set aside. The School Corporation did not provide documentation to show that the obligation was met or not met to service all the homeless students in the School Corporation and did not transfer the unused funds to the next grant award.

Level of Effort: There was an oversight or review process at the School Corporation level over vendor expenditures; however, the oversight and review process was not documented to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

Communication from IDOE stating we do not have homeless students will start to be retained for support and we will obtain correct procedures from IDOE on proper procedures on transferring the unused funds to the next grant award.

The Superintendent or Board will start to review vendor payments are paid from the proper fund, account and object code.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-006

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

Summary of Finding:

During the audit period the School Corporation submitted three final expenditure reports. The final expenditure reports were completed and submitted by the Treasurer without an oversight or review process in place to prevent, or detect and correct, errors.

In addition, the final expenditure report for the Title I School Improvement for program year 2021, due December 30, 2021, was submitted March 7, 2024.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

Another individual will start reviewing the final expenditure reports prior to submission to IDOE.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-007

Finding Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Summary of Finding:

The School Corporation did not have effective internal controls in place to ensure the correct reporting requirements for the High School Graduation Rate were being followed and that documentation was retained for audit. There was no tangible evidence of a process in place over the Annual Report Card/High School Graduation Rate to ensure that mobility codes were entered correctly. Of the 11 students tested, documentation was not presented for 9 students that were removed from the high school graduation cohort.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. A reminder will go to the High School guidance counselor, secretary, and principal about getting withdrawal forms from students and placing the form in their permanent records.

Anticipated Completion Date:

April 1, 2024

FINDING 2023-008

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

Summary of Finding:

The School Corporation had not adopted a test security policy. Although training had been provided to staff on an annual basis, the School Corporation had not established a system of internal controls to ensure monitoring of Assessment System Security occurred and was adequate. There were no

documented internal controls in place to ensure all individuals that should have received training did receive training.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street
Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:
We concur with the finding.

Description of Corrective Action Plan:
The corporation will implement a Test Security Policy. Currently, the board is on the first reading and the second reading will occur on April 15, 2024.

Superintendent is now the Title I director and is keeping the training certifications on file and retained for future audits.

Anticipated Completion Date:
April 15, 2024

Finding 2023-009

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

Summary of Finding:
The School Corporation made one purchase of equipment with grant funds, a school bus in the amount of \$204,961. The school bus was acquired in June 2021, late in the prior audit period, and the expenditure was reimbursed under the ESSER II award in July 2021 in the current audit period. The lack of internal controls resulted in material noncompliance with the equipment requirements of the federal award. The School Corporation did not maintain a capital asset ledger during the audit period, so the equipment purchased was not maintained in the property records as required. Additionally, the School Corporation did not perform a physical inventory of equipment at least once every two years as required. The School Corporation did comply with the requirements to appropriately safeguard and maintain the equipment, but no key control was identified that would prevent, or detect and correct, noncompliance with these requirements if it were to occur.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street
Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:
We concur with the finding.

Description of Corrective Action Plan:
The corporation treasurer and the superintendent will investigate a capital asset program that we will be able to maintain ourselves. This might include reaching out to districts similar in size to see what they utilize or to work with an agency that can get us started.

Anticipated Completion Date:
April 1, 2024

Finding 2023-010

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 one ESSER III report, for a total of five reports. A single employee prepared and submitted each annual data report without a review or oversight process in place to prevent, or detect and correct, errors.

All five reports were selected for testing, two of which were not supported by the School Corporation's records.

Contact Person Responsible for Corrective Action: Terry Richey and Chrystal Street

Contact Phone Number and Email Address: 812.793.2061 trichey@crothersville.k12.in.us
cstreet@crothersville.k12.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation treasurer and superintendent will review current internal controls policies especially segregation of duties and the areas in which we are lacking. We will consider rotation of duties in which employees will learn different roles when possible. We will also consider using technological solutions to enhance the reliability and integrity of processes.

Another individual will start to review the information entered into the required ESSER reports prior to submission and supporting documentation will be retained.

Anticipated Completion Date:

April 1, 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/>.