

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

RANDOLPH CENTRAL SCHOOL CORPORATION

RANDOLPH COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/08/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda Dodd Stephanie Baldwin	07-01-21 to 06-30-22 07-01-22 to 06-30-24
Superintendent of Schools	Rolland Abraham	07-01-21 to 06-30-24
President of the School Board	Jeff Oswalt Lisa Hendrickson Bill Bush	07-01-21 to 12-31-21 01-01-22 to 12-31-23 01-01-24 to 06-30-24



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

TO: THE OFFICIALS OF THE RANDOLPH CENTRAL SCHOOL
CORPORATION, RANDOLPH 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 Randolph Central School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 21, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Randolph Central School Corporation's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 21, 2024



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

TO: THE OFFICIALS OF THE RANDOLPH CENTRAL SCHOOL CORPORATION, RANDOLPH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on COVID-19 - Education Stabilization Fund

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

Unmodified Opinion on the Other Major Federal Program

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

Basis for Qualified and Unmodified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund as described in item 2023-005 for Reporting, and item 2023-006 for Special Tests and Provisions - Wage Rate Requirements. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

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, and 2023-006, to be material weaknesses.

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 21, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 21, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY2022	\$ -	\$ 170,025	\$ -	\$ -
School Breakfast			FY2023	-	-	-	189,266
Total - School Breakfast Program				-	170,025	-	189,266
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
After School Snack Program			FY2022	-	613,951	-	-
School Lunch			FY2022	-	3,223	-	-
After School Snack Program			FY2023	-	-	-	533,070
Supply Chain Assistance Funds			FY2023	-	-	-	5,781
Commodities			FY2023	-	-	-	77,544
			FY2022, FY2023	-	69,319	-	56,875
Subtotal - National School Lunch Program				-	686,493	-	673,270
COVID-19 - National School Lunch Program							
SNP Emergency	Indiana Department of Education	10.555					
			FY2022	-	25,451	-	-
Total - National School Lunch Program				-	711,944	-	673,270
Summer Food Service Program for Children							
Summer Food	Indiana Department of Education	10.559					
Summer Food			FY2022	-	47,071	-	-
			FY2023	-	-	-	27,074
Total - Summer Food Service Program for Children				-	47,071	-	27,074
Total - Child Nutrition Cluster				-	929,040	-	889,610
Child and Adult Care Food Program							
School Lunch	Indiana Department of Education	10.558					
			FY2022, FY2023	-	3,881	-	13,224
COVID-19 - Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs Funds	Indiana Department of Education	10.649					
			FY2022, FY2023	-	614	-	628
Total - Department of Agriculture				-	933,535	-	903,462
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grant 2020-21			21611-062-PN01	-	75,029	-	-
Special Education Grant 2021-22			22611-062-PN01	-	342,451	-	51,718
			23611-062-PN01	-	-	-	287,103
Subtotal - Special Education Grants to States				-	417,480	-	338,821

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
COVID-19 - Special Education Grants to States Special Education	Indiana Department of Education	84.027X	22611-062-ARP	-	67,507	-	25,225
Total - Special Education Grants to States				-	484,987	-	364,046
Special Education Preschool Grants Special Education Pre School 2021-2022	Indiana Department of Education	84.173	22619-062-PN01	-	20,712	-	21,043
COVID-19 - Special Education Preschool Grants Special Education Pre School 2021-2022	Indiana Department of Education	84.173X	22619-062-ARP	-	5,696	-	-
Total - Special Education Preschool Grants				-	26,408	-	21,043
Total - Special Education Cluster (IDEA)				-	511,395	-	385,089
Title I Grants to Local Educational Agencies Title I 2019/20	Indiana Department of Education	84.010	S010A190014	-	26,625	-	-
Title I 2020/21			S010A200014	-	169,894	-	-
Title I 2021/22			S010A210014	-	251,331	-	137,518
Title I 2022/23			S010A220014	-	-	-	245,407
Total - Title I Grants to Local Educational Agencies				-	447,850	-	382,925
Rural Education Rural & Low Income 2018/19	Indiana Department of Education	84.358	S358B180014	-	540	-	-
Rural & Low Income 2019/20			S358B190014	-	3,503	-	-
Rural & Low Income 2020/22			S358B200014	-	21,694	-	9,533
Total - Rural Education				-	25,737	-	9,533
Supporting Effective Instruction State Grants Title II 2018/19	Indiana Department of Education	84.367	S367A180013	-	10,542	-	-
Title II 2019/20			S367A190013	-	50,244	-	-
Title II 2020/21			S367A200013	-	26,049	-	37,199
Title II 2021/22			S367A210013	-	-	-	22,606
Title II 2022/23			S367A220013	-	-	-	1,974
Total - Supporting Effective Instruction State Grants				-	86,835	-	61,779

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Education Innovation and Research Rural Early College Network Grant	University of Indianapolis	84.411	U411B190018	-	49,119	-	17,338
Total - Education Innovation and Research				-	49,119	-	17,338
Student Support and Academic Enrichment Program Title IV Part A- Student Support and Academic Enrichment Grant 2019-20 Title IV Part A- Student Support and Academic Enrichment Grant 2020-21	Indiana Department of Education	84.424	S424A190015 S424A200015	- -	16,426 2,483	- -	- 31,721
Total - Student Support and Academic Enrichment Program				-	18,909	-	31,721
COVID-19 - Education Stabilization Fund Governor's Emergency Education Relief (GEER) Fund Elementary and Secondary School Emergency Relief (ESSER) I Fund Elementary and Secondary School Emergency Relief (ESSER) II Fund Elementary and Secondary School Emergency Relief (ESSER) III Fund	Indiana Department of Education	84.425 84.425C 84.425D 84.425D 84.425U	S425C200018 S425D200013 S425D210013 S425U200013	- - - -	69,566 11,971 899,728 690,524	- - - -	13,349 46,028 356,197 2,043,075
Total - COVID-19 - Education Stabilization Fund				-	1,671,789	-	2,458,649
Total - Department of Education				-	2,811,634	-	3,347,034
<u>Department of Health and Human Services</u> Medicaid Cluster Medical Assistance Program Indiana MAC	Indiana Department of Education	93.778	FY2022, FY2023	-	39,708	-	85,834
Total - Medical Assistance Program				-	39,708	-	85,834
Total - Medicaid Cluster				-	39,708	-	85,834
Total - Department of Health and Human Services				-	39,708	-	85,834
Total federal awards expended				\$ -	\$ 3,784,877	\$ -	\$ 4,336,330

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

RANDOLPH CENTRAL SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. Greater Randolph Interlocal Coop Cooperative

The School Corporation is a member of the Greater Randolph Interlocal Coop Cooperative (Cooperative) which operates the special education program for the School Corporation. As a result, some of 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 reported on the financial statement of the Cooperative.

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund	Unmodified Qualified

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

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

FINDING 2023-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

A proper system of internal controls, which would include appropriate segregation of duties, should be designed and implemented at varying points within a process to effectively prevent, or detect and correct, errors. The failure to establish appropriate internal controls could enable material misstatements to occur and remain undetected.

Receipts

Receipts, including those from other financing sources, were posted to the ledger by the Treasurer without an oversight or review process in place to ensure the remitter, amount, fund, and receipt classification were accurate.

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Disbursements - Payroll

Payroll disbursements were posted to the ledger by the Treasurer without an oversight or review process in place to ensure the payees, amounts, funds, and disbursement classifications were accurate.

Criteria

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

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

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

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

Cause

Management of the School Corporation had not established a proper system of internal controls over receipts and payroll disbursements.

Effect

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

Views of Responsible Officials

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

FINDING 2023-002

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

Condition and Context

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

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Due to the lack of effective internal controls, the SEFA presented for audit included seven grants that had individually immaterial errors that resulted in misstatements of expenditures of \$386,768, in total. In addition, other errors included incorrect program names, pass-through entities, and Assistance Listings Numbers.

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

Criteria

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

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

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. . . ."

RANDOLPH CENTRAL SCHOOL CORPORATION
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. . . .

RANDOLPH CENTRAL SCHOOL CORPORATION
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 an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-003

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, COVID-19 - Special Education Grants to States, Special Education Preschool Grants, COVID-19 - Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.027X, 84.173, 84.173X

Federal Award Numbers and Years (or Other Identifying Numbers): 21611-062-PN01, 22611-062-PN01, 23611-062-PN01, 22611-062-ARP, 22619-062-PN01, 22619-062-ARP

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition and Context

The Individuals with Disabilities Act (IDEA) Special Education - Grants to States program provides grant to states, and through them to Local Educational Agencies (i.e., the School Corporation), to assist them in providing special education and related services to eligible children with disabilities ages three to twenty-one. IDEA's Special Education - Preschool Grants program provides grants to states, and through them to Local Educational Agencies to assist them in providing special education and related services to children with disabilities ages three to five and, at the state's discretion, to two-year-old children with disabilities who will turn three during the school year.

To receive reimbursement for special education expenses paid, the School Corporation's Treasurer completed a reimbursement request, and the Assistant Superintendent of Schools reviewed it. The documentation attached to the reimbursement request; however, did not have adequate detail to determine the payroll paid was in conformance with the applicable cost principles. Furthermore, payroll disbursements were posted by the Treasurer without a review to ensure the payee, amount, fund, and disbursement classification was accurate prior to disbursement.

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that 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.

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-004

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Finding: Material Weakness

Condition and Context

The Elementary and Secondary School Emergency Relief (ESSER) Fund provided funding to states and school districts to help safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on the nation's students. States were required to subgrant a portion of their ARP ESSER allocation to Local Educational Agencies (LEA). Prior to the LEAs receiving their respective subgrants, the LEAs were required to complete an application for ARP ESSER funding, which was submitted to the Indiana Department of Education, the pass-through entity for approval. The application included a district level budget identifying how the LEA intended to spend program funds.

To receive reimbursement for ESSER expenses paid, the Treasurer completed a reimbursement request, and the Assistant Superintendent of Schools reviewed it. The documentation attached to the reimbursement request, however, did not have adequate detail to determine the payroll paid was in conformance with the applicable cost principles. Furthermore, payroll disbursements were posted by the Treasurer without a review to ensure the payee, amount, fund, and disbursement classification was accurate prior to disbursement.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that 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 2023-005

Subject: COVID-19 - Education Stabilization Fund - Reporting
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,
S425U200013

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

During the audit period the School Corporation submitted two ESSER I reports, two ESSER II reports, and two ESSER III reports, for a total of six reports. The annual data reports were compiled, prepared, and submitted by the Assistant Superintendent of Schools and reviewed by the Treasurer prior to submission. However, this review process was not effective and did not detect and allow correction of errors prior to submission.

All six of the submitted reports were selected for testing. Four of the reports, ESSER I, Year 2; ESSER II, Year 1; ESSER II, Year 2; and ESSER III, Year 2, were not supported by the School Corporation's records. The financial information provided did not agree to the data submitted in the reports; therefore, we could not determine the accuracy of the reports.

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the four reports identified above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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."

2 CFR 200.334 states in part:

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

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

Cause

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

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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, reports submitted to the IDOE were not supported by the School Corporation's underlying accounting records.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-006

Subject: COVID-19 - Education Stabilization Fund - Special Tests
and Provisions - Wage Rate Requirements
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed.

The School Corporation had not designed, nor implemented a system of internal controls to ensure that construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. Three construction contracts, with expenditures totaling \$2,416,190, were paid from the COVID-19 - Education Stabilization Fund grant funds during the audit period. All three contracts were tested. None of the contracts contained the required prevailing wage rate clause and two of three did not have certified payrolls submitted by the contractors.

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

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

29 CFR 5.5 states in part:

"(a) The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, the following clauses . . .

(1) *Minimum wages.*

- (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. . . .

(3) *Payrolls and basic records.* . . .

(ii)

(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). . . ."

2 CFR 200 Appendix II states in part:

"In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, 'Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction'). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . ."

RANDOLPH CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed by management of the School Corporation, 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, construction contracts entered into did not contain the required wage rate requirements clauses nor were all certified payrolls obtained by the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and include the wage rate requirement clause in construction contracts. In addition, certified payrolls should be obtained as required for all contracts.

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.



Randolph Central School Corporation

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Rolland T. Abraham, Ed.S.
Superintendent

Julie Northcutt, Ed.S.
Assistant Superintendent for
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Stephanie Baldwin
Treasurer

Debrah L. Anderson
Deputy Treasurer

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Material Weakness

A proper system of internal control, which would include appropriate segregation of duties, should be designed and implemented at various levels to effectively prevent, or detect, and correct errors. The failure to establish appropriate internal controls could enable material misstatements to occur and remain undetected.

Receipts including those from other financing sources were posted to the ledger by the Treasurer without an oversight or review process in place to ensure the remitter, amount, fund, and receipt classification were accurate.

Payroll disbursements were posted to the ledger by the Treasurer without an oversight or review process in place to ensure the payees, amounts, funds, and disbursement classifications were accurate.

Contact Person Responsible for Corrective Action: Rolland Abraham

Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Receipts including those from other financing sources will be posted to the ledger by the Treasurer and reviewed monthly by the Assistant Treasurer to ensure the remitter, amount, fund, and receipt classification are accurate.

Payroll disbursements will be posted to the ledger by the Treasurer and reviewed each payroll by the Superintendent to ensure the payees, amounts, funds, and disbursement classifications are accurate.

Anticipated Completion Date: 2/21/2024

FINDING 2023-002

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

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

The School Corporation filed their 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's Schedule of Expenditures of Federal Awards (SEFA) were not effective.

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

Due to the lack of effective internal controls, the SEFA presented for audit included seven grants that had individually immaterial errors that resulted in misstatements of expenditures of \$349,844, in total. In addition, other errors included incorrect program names, pass-through entities, and Assistance Listings Numbers.

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

Contact Person Responsible for Corrective Action: Rolland Abraham

Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Treasurer will carefully prepare the federal grant information to be submitted in the Gateway financial reporting system, including referencing SAM.gov to ensure accuracy of federal grant program names and ALN award numbers. The Superintendent will carefully review to detect potential errors prior to submission and will approve when correct.

Anticipated Completion Date: 2/21/2024

FINDING 2023-003

Finding Subject: Special Education Cluster (IDEA) – Allowable Costs/Cost Principles

Summary of Finding:

The Individuals with Disabilities Act (IDEA) Special Education – Grants to States program provides grant to states, and through them to Local Educational Agencies (i.e. the School Corporation), to assist them in providing special education and related services to eligible children with disabilities ages 3-21. IDEA's Special Education – Preschool Grants program provides grants to states, and through them to LEAs to assist them in providing special education and related services to children with disabilities ages three to five and, at the state's discretion, to two-year-old children with disabilities who will turn three during the school year.

To receive reimbursement for special education expenses paid, the School Corporation's Treasurer completed a reimbursement request, and the Assistant Superintendent reviewed it. The documentation attached to the reimbursement request; however, did not have adequate detail to determine the payroll paid was in conformance with the applicable cost principles. Furthermore, payroll disbursements were posted by the Treasurer without a review to ensure the payee, amount, fund, and disbursement classification was accurate prior to disbursement.

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

Contact Person Responsible for Corrective Action: Rolland Abraham

Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

The Treasurer will prepare a detailed payroll appropriation report each payroll. The Assistant Superintendent will review it to ensure the payee, amount, fund, and disbursement classification are accurate prior to disbursement. After approval, at the end of the month, the Treasurer will complete a reimbursement request and the Assistant Superintendent will review it for accuracy prior to submission.

Anticipated Completion Date: 2/21/2024

FINDING 2023-004

Finding Subject: Education Stabilization Fund - COVID-19 - Education Stabilization Fund – Allowable Costs/Cost Principles

Summary of Finding:

The Elementary and Secondary School Emergency Relief (ESSER) Fund provided funding to States and school districts to help safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on the nation's students. States were required to subgrant a portion of their ARP ESSER allocation to local educational agencies (LEA). Prior to LEAs receiving their respective subgrants, LEAs were required to complete an application for ARP ESSER funding, which was submitted to the Indiana Department of Education (IDOE), the pass-through entity for approval. The application included a district level budget identifying how the LEA intended to spend program funds.

To receive reimbursement for ESSER expenses paid, the School Corporation's Treasurer completed a reimbursement request, and the Assistant Superintendent reviewed it. The documentation attached to the reimbursement request; however, did not have adequate detail to determine the payroll paid was in conformance with the applicable cost principles. Furthermore, payroll disbursements were posted by the Treasurer without a review to ensure the payee, amount, fund, and disbursement classification was accurate prior to disbursement. The lack of controls was a systemic issue throughout the audit period.

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

Contact Person Responsible for Corrective Action: Rolland Abraham

Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Treasurer will prepare a detailed payroll appropriation report each payroll. The Assistant Superintendent will review it to ensure the payee, amount, fund, and disbursement classification are accurate prior to disbursement. After approval, at the end of the month, the Treasurer will complete a reimbursement request and the Assistant Superintendent will review it for accuracy prior to submission.

Anticipated Completion Date: 2/21/2024

FINDING 2023-005

Finding Subject: Education Stabilization Fund - Reporting

Summary of Finding:

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

During the audit period the School Corporation submitted two ESSER I reports, two ESSER II reports and two ESSER III reports, for a total of six reports. The annual data reports were compiled, prepared and submitted by the Assistant Superintendent and reviewed by the Treasurer prior to submission. However, this review process was not effective and did not detect and allow correction of errors prior to submission.

All six of the submitted reports were selected for testing. Four of the reports were not supported by the unit's records. The financial information provided did not agree to the data submitted in the reports; therefore, we could not determine the accuracy of the reports. The lack of controls was systematic throughout the audit period. The noncompliance was isolated to the four reports identified above.

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

Contact Person Responsible for Corrective Action: Rolland Abraham

Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation is required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted includes, but is not limited to, current period expenditures, prior period expenditures, and expenditures per activity. The annual data reports will be compiled/prepared by the Treasurer and the Assistant Superintendent to ensure the reports are supported by the corporation's financial data. The JotForm will be reviewed by the Superintendent prior to submission.

Anticipated Completion Date: 2/21/2024

FINDING 2023-006

Finding Subject: ESSER (Education Stabilization Fund) – Special Tests and Provisions – Wage Rate Requirements

Summary of Finding:

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed.

The School Corporation had not designed, nor implemented a system of internal control to ensure that construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. Three construction contracts, totaling \$2,416,190, were paid from the Education Stabilization Fund grant funds during the audit period. All three contracts were tested. None of the contracts contained the required prevailing wage rate clause and two of three did not have certified payrolls submitted by the contractors.

The lack of controls and noncompliance were systemic issues throughout the audit period. The auditors recommended that the School Corporation's management establish a system of internal controls and include the wage rate requirement clause in construction contracts. In addition, certified payrolls should be obtained as required for all contracts

Contact Person Responsible for Corrective Action: Rolland Abraham
Contact Phone Number and Email Address: 765-584-1401, rabraham@randolphcentral.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Board of School Trustees of Randolph Central School Corporation will adopt a policy that will apply to contractors and subcontractors performing federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of any Randolph Central School Corporation facilities that will require them to pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. (Davis-Bacon Act)

Anticipated Completion Date: 4/9/2024

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/>.