

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

LAFAYETTE SCHOOL CORPORATION

TIPPECANOE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Eric L. Rody Troy Cloum	07-01-21 to 06-30-23 07-01-23 to 06-30-24
Superintendent of Schools	Les L. Huddle	07-01-21 to 06-30-24
President of the School Board	Robert M. Stwalley III Brent Clemenzenz Robert M. Stwalley III	07-01-21 to 01-09-22 01-10-22 to 01-07-24 01-08-24 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 LAFAYETTE SCHOOL CORPORATION,
TIPPECANOE 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 Lafayette School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 12, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 12, 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 LAFAYETTE SCHOOL CORPORATION,
TIPPECANOE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Lafayette 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 Emergency Connectivity Fund Program

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 Emergency Connectivity Fund Program for the period of July 1, 2021 to June 30, 2023.

Qualified Opinion on the Special Education Cluster (IDEA)

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

Unmodified Opinion on Each of the Other Major Federal Programs

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

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)

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.

Matters Giving Rise to Qualified Opinion on the Emergency Connectivity Fund Program

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 32.009 Emergency Connectivity Fund Program, as described in items 2023-001 for Allowable Costs/Cost Principles and Special Tests and Provisions - Restricted Purpose and 2023-003 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2023-004 for Matching, Level of Effort, Earmarking. 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.

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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 item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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 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 2023-001, 2023-002, 2023-003, and 2023-004, to be material weaknesses.

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated March 12, 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 12, 2024

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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.

LAFAYETTE 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 Program			FY 2022	\$ -	\$ 1,248,829	\$ -	\$ -
School Breakfast Program			FY 2023	-	-	-	1,333,360
Total - School Breakfast Program				-	1,248,829	-	1,333,360
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2022	-	3,430,024	-	-
SNP Emergency Fund			FY 2022	-	25,317	-	-
Commodities			FY 2022	-	381,636	-	-
National School Lunch Program			FY 2023	-	-	-	3,573,093
Supply Chain Assistance			FY 2023	-	-	-	339,625
Commodities			FY 2023	-	-	-	300,464
Total - National School Lunch Program				-	3,836,977	-	4,213,182
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2022	-	167,971	-	-
Summer Food Service Program for Children			FY 2023	-	-	-	102,819
Total - Summer Food Service Program for Children				-	167,971	-	102,819
Total - Child Nutrition Cluster				-	5,253,777	-	5,649,361
Child and Adult Care Food Program							
School Supper Program	Indiana Department of Education	10.558					
School Supper Program			FY 2022	-	128,816	-	-
School Supper Program			FY 2023	-	-	-	153,793
Total - Child and Adult Care Food Program				-	128,816	-	153,793
Pandemic EBT Administrative Costs							
School Supper Program	Indiana Department of Education	10.649					
School Supper Program			FY 2022	-	5,814	-	-
School Supper Program			FY 2023	-	-	-	3,135
Total - Pandemic EBT Administrative Costs				-	5,814	-	3,135
Total - Department of Agriculture				-	5,388,407	-	5,806,289

LAFAYETTE 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
Federal Communications Commission							
Emergency Connectivity Fund Program	Direct Grant	32.009					
Emergency Connectivity Fund			FY 2022	-	736,800	-	-
Emergency Connectivity Fund			FY 2023	-	-	-	500,000
Total - Emergency Connectivity Fund Program				-	736,800	-	500,000
Total - Federal Communications Commission				-	736,800	-	500,000
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grant			20611-021-PN01	-	3,633	-	-
Special Education Grant			21611-021-PN01	-	592,235	-	42,323
Special Education Grant			22611-021-PN01	-	1,702,962	-	658,030
Special Education Grant			22611-021-ARP	-	64,657	-	344,605
Special Education Grant			23611-021-PN01	-	-	-	1,801,563
Total - Special Education Grants to States				-	2,363,487	-	2,846,521
Special Education Preschool Grants							
Special Education Preschool Grant	Indiana Department of Education	84.173					
Special Education Preschool Grant			21619-021-PN01	-	35,897	-	-
Special Education Preschool Grant			22619-021-PN01	-	85,954	-	27,610
Special Education Preschool Grant			22619-021-ARP	-	2,788	-	14,506
Special Education Preschool Grant			23619-021-PN01	-	-	-	89,406
Total - Special Education Preschool Grants				-	124,639	-	131,522
Total - Special Education Cluster (IDEA)				-	2,488,126	-	2,978,043
Adult Education - Basic Grants to States							
Adult Education	Indiana Department of Workforce Development	84.002					
Adult Education			V002A190014	-	5,843	-	-
Adult Education			V002A200014	-	155,780	-	10,721
Adult Education			V002A210014	-	206,635	-	43,173
Adult Education			V002A220014	-	-	-	243,622
Total - Adult Education - Basic Grants to States				-	368,258	-	297,516

LAFAYETTE 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Distinguished School			FY 2023	-	-	-	9,453
Title I SIG			S010A200014	-	1,284	-	-
Title I Basic Grant			S010A190014	-	1,649	-	-
Title I Basic Grant			S010A200014	-	749,250	-	-
Title I Basic Grant			S010A210014	-	1,713,486	-	575,298
Title I Basic Grant			S010A220014	-	-	-	1,679,772
Title I Delinquent			S010A190014	-	5,458	-	-
Title I Delinquent			S010A210014	-	6,277	-	5,302
Title I Delinquent			S010A220014	-	-	-	6,748
Total - Title I Grants to Local Educational Agencies				-	2,477,404	-	2,276,573
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st CCLC			S287C200014	-	88,225	-	-
21ST CENTURY-MURDOCK FY 2021			S287C200014	-	-	-	87,648
21ST CENTURY-MURDOCK FY 2022			S287C220014	-	-	-	148,421
Total - Twenty-First Century Community Learning Centers				-	88,225	-	236,069
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			S365A190014	-	30,239	-	-
Title III			S365A200014	-	52,119	-	8,243
Title III			S365A210014	-	47,419	-	53,773
Title III			S365A220014	-	-	-	49,320
Total - English Language Acquisition State Grants				-	129,777	-	111,336
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A180013	-	49,064	-	-
Title II			S367A190013	-	226,978	-	-
Title II			S367A20013-20A	-	265,094	-	160,570
Title II			S367A210013	-	4,396	-	231,705
Total - Supporting Effective Instruction State Grants				-	545,532	-	392,275

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A			S424A190015	-	98,940	-	-
Title IV Part A			S424A200015	-	111,476	-	49,491
Title IV Part A			S424A210015	-	-	-	112,189
Total - Student Support and Academic Enrichment Program				-	210,416	-	161,680
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
CARES Act		84.425D	S425D200013	-	1,355,554	-	136,771
ESSER II		84.425D	S425D210013	-	-	-	6,016,065
Total - COVID-19 - Education Stabilization Fund				-	1,355,554	-	6,152,836
Total - Department of Education				-	7,663,292	-	12,606,328
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
Medicaid Federal-INMAC	Indiana Department of Education		2022-2023	-	94,025	-	74,829
Medicaid Federal-IEP	Family and Social Services Administration		2022-2023	-	586,016	-	683,302
Total - MEDICAL ASSISTANCE PROGRAM				-	680,041	-	758,131
Total - Medicaid Cluster				-	680,041	-	758,131
Total - Department of Health and Human Services				-	680,041	-	758,131
Total federal awards expended				\$ -	\$ 14,468,540	\$ -	\$ 19,670,748

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

LAFAYETTE 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. Special Education Cooperative

The School Corporation is a member of the Greater Lafayette Area Special Services (GLASS) Cooperative (Cooperative) and serves as the fiscal agent. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the Schedule of Expenditures of Federal Awards (SEFA) for the School Corporation. This activity is reported on the SEFA's of the member school corporations as appropriate.

LAFAYETTE 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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
32.009	Emergency Connectivity Fund Program Special Education Cluster (IDEA)	Qualified Qualified
84.425	COVID-19 - Education Stabilization Fund Medicaid Cluster	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,024,179

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: Emergency Connectivity Fund Program - Allowable Costs/Cost Principles, Special Tests and Provisions - Restricted Purpose
Federal Agency: Federal Communications Commission
Federal Program: Emergency Connectivity Fund Program
Assistance Listings Number: 32.009
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2022, FY 2023
Compliance Requirements: Allowable Costs/Cost Principles, Special Tests and Provisions - Restricted Purpose
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The Emergency Connectivity Fund (ECF) Program established by the American Rescue Plan Act of 2021 was for the purchase of eligible equipment, advanced communications, and information services for use by students, school staff, and library patrons at locations that include locations other than at a school or library. The ECF Program provides funding to meet the remote learning needs of students, school staff, and library patrons who would otherwise lack access to connected devices and broadband connections sufficient to engage in remote learning during the COVID-19 emergency period.

To ensure that funding is focused on unmet need, the grantor agency required schools to certify, as part of their funding application, that they are only seeking support for eligible equipment and/or broadband connectivity to provide to students and school staff who would otherwise lack access to connected devices and/or broadband connectivity sufficient to engage in remote learning. The unmet need at the time of the funding application can be based on an estimate. However, when the school corporation files the request for reimbursement, only equipment and services provided to students or school staff who would otherwise lack broadband services and/or devices sufficient to engage in remote learning should be requested.

The School Corporation made four reimbursement requests during the audit period. All four reimbursement requests were selected for testing to verify the expenditures were in conformance with the applicable cost principles. Of the four reimbursement requests tested, issues were identified with three of the reimbursement requests. The issues identified were as follows:

- For two reimbursement requests, the amount requested, in total, exceeded the expenditures posted to the grant fund. The total amount requested for reimbursement was \$616,800; however, total expenditures in the fund were \$615,400. As such, the amount requested and received exceeded the amount spent out of the grant fund by \$1,400. The School Corporation did not perform a reconciliation, which would have identified the error and allowed them to move the associated expenses to the grant fund, nor did the School Corporation return the additional funds to the grantor agency. At the end of the audit period, the \$1,400 was included in the fund's overall ending cash balance.

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- For one reimbursement request, although an invoice was submitted as evidence of expenditures, the funding received from the grantor agency was not used to pay the invoice. Instead, the School Corporation paid for that invoice using a lease and opted instead to use the funding received over the course of the next five years to cover maintenance and service costs for school technology. This information was not disclosed with the initial reimbursement request nor has a substitution request been sent to the awarding agency. The amount received from the grantor agency and not paid to the vendor, \$500,000, will be considered questioned costs. At the end of the audit period, this money had not been expended, and was included in the fund's overall ending cash balance.

The lack of internal controls and noncompliance were isolated to the two reimbursements noted above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

47 CFR 54.1710(a)(1) states in part:

"The FCC Form 471 shall be signed by a person authorized to order eligible services for the eligible school, library, or consortium and shall include that person's certification under penalty of perjury that: . . .

- (vii) The school or school consortium listed on the FCC Form 471 application is only seeking support for eligible equipment and/or services provided to students and school staff who would otherwise lack connected devices and/or broadband services sufficient to engage in remote learning. . . ."

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

47 CFR 54.1710(b) states in part:

"(1) A request by an applicant to substitute equipment or service for one identified on its FCC Form 471 must be in writing.

(2) The Administrator shall approve such written request where:

(i) The equipment or service has the same functionality; and

(ii) This substitution does not violate any contract provisions or state, local, or Tribal procurement laws. . . ."

47 CFR 54.1711(a)(1) states in part:

"The FCC Form 472 shall be signed by a person authorized to order eligible services for the eligible school, library, or consortium and shall include that person's certification under penalty of perjury that: . . .

(iv) The funds sought in the request for reimbursement are for eligible equipment and/or services that were purchased or ordered in accordance with the Emergency Connectivity Fund Program rules and requirements in this subpart and received by either the school, library, or consortium, or the students, school staff, or library patrons as appropriate.

(v) The portion of the costs eligible for reimbursement and not already paid for by another source was either paid for in full by the school, library, consortium, or will be paid to the service provider within 30 days of receipt of funds. . . ."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reimbursements in excess of expenditures were received and retained by the School Corporation. In addition, reimbursements received were not used to pay the invoices for which the reimbursement was sought.

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

Known questioned costs of \$500,000 were identified as detailed in the *Condition and Context*.

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that management of the School Corporation establish a system of internal controls and develop policies and procedures to ensure reimbursement requests are used to pay the invoices used to support the request and that only the amount spent is requested for reimbursement.

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: Emergency Connectivity Fund Program - Equipment and Real Property Management
Federal Agency: Federal Communications Commission
Federal Program: Emergency Connectivity Fund Program
Assistance Listings Number: 32.009
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2022, FY 2023
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition and Context

Emergency Connectivity Fund (ECF) Program participants are required to maintain an asset inventory of the devices purchased with ECF Program support.

For each connected device not provided to an individual student or school staff member, but used to provide service to multiple eligible users, the asset inventory must identify:

1. The device or equipment type (i.e., laptop, tablet, mobile hotspot, modem, router);
2. The device or equipment make/model;
3. The device or equipment serial number;
4. The name of the school employee responsible for that the device or equipment; and
5. The dates the device or equipment was in service.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the devices acquired with ECF program funds were properly supported by inventory records. A sample of 21 devices were selected for testing to verify that inventory records contained all the necessary information. Of the 21 devices tested, 8 did not include information with regard to the name of the school employee responsible for the device as no specific employee was assigned by the School Corporation.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

47 CFR 54.1715(a)(2) states:

"For each connected device or other piece of eligible equipment not provided to an individual student, school staff member, or library patron, but used to provide service to multiple eligible users, the asset inventory must contain:

- (i) The device type or equipment type (i.e. laptop, tablet, mobile hotspot, modem, router);
- (ii) The device or equipment make/model;
- (iii) The device or equipment serial number;
- (iv) The name of the school or library employee responsible for that device or equipment;
and
- (v) The dates the device or equipment was in service."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the asset inventory did not contain all the necessary information.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a system of internal controls and develop policies and procedures to ensure that the asset inventory contain all the necessary information.

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2023-003

Subject: Emergency Connectivity Fund Program - Suspension and Debarment
Federal Agency: Federal Communications Commission
Federal Program: Emergency Connectivity Fund Program
Assistance Listings Number: 32.009
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2022, FY 2023
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not any documented internal controls. Three covered transactions with two vendors that equaled or exceeded \$25,000 were identified. The covered transactions, totaling \$735,400, were selected for testing. For the two vendors, the School Corporation did not verify the vendor's suspension and debarment status prior to payment.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

47 CFR 54.8(d) states in part: "Effect of suspension and debarment. Unless otherwise ordered, any persons suspended or debarred shall be excluded from activities associated with or related to the schools and libraries support mechanism . . ."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors to whom payments were equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a system of internal controls and develop policies and procedures to ensure that contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

Views of Responsible Officials

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

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-004

Subject: Special Education Cluster (IDEA) - Earmarking
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
Assistance Listings Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 20611-021-PN01, 21611-021-PN01,
22619-021-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition and Context

The School Corporation is a member of the Greater Lafayette Area Special Services Cooperative (Cooperative). During fiscal years 2021-2022 and 2022-2023, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

The Non-Public Proportionate Share expenditures for the 20611-021-PN01, 21611-021-PN01, and 22619-021-PN01 grant awards could not be verified for the individual member school corporations. Total grant expenditures were posted as expended. The nonpublic proportionate share expenditures were determined by applying a percentage to the nonpublic school budgeted expenditures. As such, we were unable to identify if the minimum amount per the grant awards was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance were isolated to the 20611-021-PN01, 21611-021-PN01, and 22619-021-PN01 grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(g) Be adequately documented. . . ."

2 CFR 200.208(b) states in part: "The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed, . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, the school's Non-Public Proportionate Share expenditures could not be determined, and it could not be determined if the School Corporation met their minimum Non-Public Proportionate Share as required by the grant agreement.

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.

LAFAYETTE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure nonpublic school share funds are appropriately allocated to the member school corporation based on expenses charged directly on behalf of the member school corporation. Supporting documentation for these expenses should be 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.

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AUDITEE-PREPARED DOCUMENTS

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

Lafayette School Corporation
Nurture Inspire Empower

2300 Cason Street Lafayette, IN 47904 Phone: (765) 771-6000 Fax: (765) 771-6049

February 8, 2024

State Board of Accounts
302 W. Washington Street, Rm E418
Indianapolis, IN 46204-2765

Re: Summary Schedule of Prior Audit Findings

Dear Sir or Madam:

Please allow this letter to serve as response to your request for a summary of prior audit findings.

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2019-2021

Current Audit Period: 2021-2023

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

Summary of Finding:

Condition: The School Corporation did not have internal controls in place to ensure that the cooperative complied with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The Cooperative did not have adequate internal controls in place to ensure all activities and costs were allowed.

Context: The School Corporation is a member of the Greater Lafayette Area Special Services Cooperative (Cooperative). During fiscal years 2019-2020 and 2020-2021, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Cooperative was a planning district whose purpose was to provide free appropriate public education to students identified as disabled in accordance with state statute who were legal residents and/or have been accepted through means of open enrollment, or other legal means of transfer to the participating member school corporations in Tippecanoe County.

One Cooperative employee prepared the payroll benefit disbursements without oversight or review. The lack of controls was a systemic issue throughout the audit period.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2019-2021

Current Audit Period: 2021-2023

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

Federal Agency: Department of Education

Summary of Finding:

Condition: The School Corporation did not have internal controls in place to ensure compliance with the suspension and debarment requirement.

Context: The School Corporation is a member of the Greater Lafayette Area Special Services Cooperative (Cooperative). During fiscal years 2019-2020 and 2020-2021, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure compliance with the suspension and debarment requirement. The Cooperative did not have adequate internal controls in place to ensure all applicable vendors were not suspended or debarred. Therefore, vendors with contracts over \$25,000 were not verified to ensure they were not excluded or disqualified from participation in federal awards programs.

The lack of effective controls and noncompliance were systemic issues during the audit period.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

FINDING 2021-003

Fiscal year in which the finding initially occurred: 2021-2023

Current Audit Period: 2021-2023

Finding Subject: Special Education Cluster (IDEA) - Earmarking

Summary of Finding:

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

Context: The School Corporation is a member of the Greater Lafayette Area Special Services Cooperative (Cooperative). During fiscal years 2019-2020 and 2020-2021, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

The Non-Public Proportionate Share expenditures for the 18611-021-PN01, 19611-021-PN01, 19619-021-PN01, 20611-21-PN01 and 20619-21-PN01 grant awards could not be verified for the individual member schools. The non-public school share funds for all member schools were comingled and the aggregate amount of expenditures was then allocated to the member schools on a percentage basis. These allocations were the amounts reported to IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 18611-21-PN01, 19611-21-PN01, 19619-21-PN01, 20611-21-PN01 and 20619-21-PN01 grant awards. The School Corporation's Non-Public Proportionate Share earmarking requirement was \$183,160 for the 18611-021-PN01 grant award, \$192,484 for the 19611-021-PN01 grant award, \$1,942 for 19619-021-PN01 grant award, \$175,962 for the 20611-021-PN01 grant award, and \$2,101 for 20619-021-PN01 grant award.

Status of Audit Finding:

The methodology used by the Cooperative, during the audit period and prior, to monitor non-public proportionate share expenditures was based upon a percentage for each school corporation that comprises the Cooperative rather than basing the expenditures off of the grant award for each non-public school within the geographical boundaries of the school corporations. While all proportionate share funds were expended, it was problematic in determining if the minimum amount per the grant awards was expended and properly reported prior to July 1, 2023. This methodology has been fully corrected as of July 1, 2023.

Sincerely,
Troy A. Cloum
Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Emergency Connectivity Fund Program - Allowable Costs/Cost Principles, Special Tests and Provisions - Restricted Purpose

Summary of Finding: The Emergency Connectivity Fund (ECF) Program established by the American Rescue Plan Act of 2021 was for the purchase of eligible equipment, advanced communications, and information services for use by students, school staff, and library patrons at locations that include locations other than at a school or library. The ECF Program provides funding to meet the remote learning needs of students, school staff, and library patrons who would otherwise lack access to connected devices and broadband connections sufficient to engage in remote learning during the COVID-19 emergency period.

To ensure that funding is focused on unmet need, the grantor agency requires schools to certify, as part of their funding application, that they are only seeking support for eligible equipment and/or broadband connectivity to provide to students and school staff who would otherwise lack access to connected devices and/or broadband connectivity sufficient to engage in remote learning. The unmet need at the time of the funding application can be based on an estimate. However, when the School Corporation files the request for reimbursement only equipment and services provided to students or school staff who would otherwise lack broadband services and/or devices sufficient to engage in remote learning should be requested.

The School Corporation made four reimbursement requests during the audit period. All four reimbursement requests were selected for testing to verify the expenditures were in conformance with the applicable cost principles. Of the four reimbursement requests tested, issues were identified with three of the reimbursement requests. The issues identified were as follows:

1) For two reimbursement requests the amount requested, in total, exceeded the expenditures posted to the grant fund. The total amount requested for reimbursement was \$616,800; however, total expenditures in the fund were \$615,400. As such, the amount requested and received exceeded the amount spent out of the grant fund by \$1,400. The School Corporation did not perform a reconciliation, which would have identified the error and allowed them to move the associated expenses to the grant fund, nor did the School Corporation return the additional funds to the grantor agency. At the end of the audit period, the \$1,400 was included in the fund's overall ending cash balance.

2) For one reimbursement request, although an invoice was submitted as evidence of expenditures, the funding received from the grantor agency was not used to pay this invoice. Instead, the School Corporation paid for that invoice using a lease program and opted instead to use the funding received over the course of the next five years to cover maintenance and service costs for school technology. This information was not disclosed with the initial reimbursement request, nor has a substitution request been sent to the awarding agency. The amount received from the grantor agency and not paid to the vendor, \$500,000, will be considered questioned costs. At the end of the audit period, this money had not been expended, and was included in the fund's overall ending cash balance to be used for future maintenance and service costs for school technology.

Contact Person Responsible for Corrective Action: Troy Cloum
Contact Phone Number and Email Address: 765-771-6065 tcloum@lsc.k12.in.us

Views of Responsible Officials:

Option 1: We concur with the finding. The corporation will develop, outline, and communicate internal control procedures to ensure that grant funds are spent on authorized purchases, that reimbursements are requested only for the amounts actually expended, and that the documentation utilized for seeking reimbursement is allowable and accurate.

Description of Corrective Action Plan:

1. The Chief Financial Officer shall review the Internal Control Manual and develop a proper policy and procedure for Grant Purchases and for Grant Reimbursements.
2. The Chief Financial Officer will meet with each Grant Administrator to review the procedures and purchasing guidelines.
3. The Chief Financial Officer will meet with the Business Office Staff and review the procedures and purchasing guidelines.
4. Signed attendance logs for each training shall be collected and recorded.

Anticipated Completion Date:

The projected completion date is March 22, 2024.

FINDING 2023-002

Finding Subject: Emergency Connectivity Fund Program - Equipment and Real Property Management

Summary of Finding: The School Corporation had not designed or implemented adequate policies or procedures to ensure that the devices acquired with ECF program funds were properly supported by inventory records. A sample of 21 devices were selected for testing to verify that inventory records contained all the necessary information. Of the 21 devices tested, eight did not include information with regard to the name of the school employee responsible for the device, as no specific employee was assigned by the School Corporation.

Contact Person Responsible for Corrective Action: Troy Cloum
Contact Phone Number and Email Address: 765-771-6065 tcloum@lsc.k12.in.us

Views of Responsible Officials:

Option 1: We concur with the finding. The Chief Financial Officer has started meeting with the Chief Technology Officer to start the process of creating a more robust inventory system.

Description of Corrective Action Plan:

1. The Chief Financial Officer will meet to review the 2021-2023 Audit findings with the Chief Technology Officer.
2. The Chief Financial Officer and the Chief Technology Officer will develop an inventory system that ensure that devices are assigned and tracked properly.
3. The inventory system will be communicated to all stakeholders.

4. The Chief Financial Officer and the Chief Technology Officer shall be responsible for monitoring and maintaining the success of the inventory system.

Anticipated Completion Date:

Projected Completion Date June 30, 2024.

FINDING 2023-003

Finding Subject: Emergency Connectivity Fund Program - Suspension and Debarment
Federal Agency: Federal Communications Commission

Summary of Finding: Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation disclosed there were not any documented controls. Three covered transactions with two vendors that equaled or exceeded \$25,000 were identified. The covered transactions, totaling \$735,400, were selected for testing. For the two vendors, the School Corporation did not verify the vendor's suspension and debarment status prior to payment.

Contact Person Responsible for Corrective Action: Troy Cloum

Contact Phone Number and Email Address: 765-771-6065 tcloum@lsc.k12.in.us

Views of Responsible Officials:

Option 1: We concur with the finding.

Description of Corrective Action Plan:

1. The Chief Financial Officer and the Grants Manager shall develop a system to ensure that each vendor is properly vetted for suspension or debarment.
2. The system will either require that the vendor sign an attestation of non-suspension or debarment, or written proof that SAM.GOV was reviewed and issues were found.

Anticipated Completion Date:

Projected completion date is March 15, 2024.

Serving the Lafayette School Corporation, Tippecanoe School Corporation, and West Lafayette Community School Corporation

Lissa Stranahan, Director
Tom Hermiz, Supervisor Kathy Klingerman, Supervisor Amy Mullens, Supervisor

CORRECTIVE ACTION PLAN

FINDING 2023-004

**Finding Subject: Special Education Cluster (IDEA) - Earmarking
Summary of Finding:**

The Greater Lafayette Area Special Services (GLASS) and Local Education Agency, Lafayette School Corporation, concur with the audit finding for Earmarking. GLASS did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported. The methodology used by the Cooperative to monitor non-public proportionate share expenditures was based upon a percentage for each school corporation that comprises the Cooperative rather than basing the expenditures off of the grant award for each non-public school within the geographical boundaries of the school corporations. While all proportionate share funds were expended, it was problematic in determining if the minimum amount per the grant awards was expended and properly reported prior to July 1, 2023.

Contact Person Responsible for Corrective Action: Lissa Stranahan
Contact Phone Number and Email Address: (Phone) 765-771-6013 (Email) lstranahan@lsc.k12.in.us

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

Description of Corrective Action Plan:

The former Director of GLASS retired June 30, 2023. Upon hire on July 1, 2023, the new director immediately implemented measures to correct the previous methodology used at GLASS. Non-public proportionate share funds are identified and reported based upon the grant award for each school corporation. The expenditures are based upon the geographical location of the non-public school and the corresponding public school corporation, not based upon the "home" school corporation of the student.

Anticipated Completion Date:

The corrective action was already put into place on July 1, 2023. The audit finding reflects the previous grant cycle prior to this action taken.

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/>.