

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FAYETTE COUNTY SCHOOL CORPORATION

FAYETTE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
03/13/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James Randell Harris	07-01-21 to 06-30-24
Superintendent of Schools	Scott Collins	07-01-21 to 06-30-24
President of the School Board	Leslie Jacobs	07-01-21 to 06-30-24



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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 FAYETTE COUNTY SCHOOL
CORPORATION, FAYETTE 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 Fayette County 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 27, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Fayette County 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 27, 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 FAYETTE COUNTY SCHOOL CORPORATION, FAYETTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Fayette County 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)

Matter Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Program

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 2023-003 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 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 February 27, 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 27, 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.

FAYETTE COUNTY 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program							
School Breakfast	Indiana Department of Education	10.553	FY 2022	\$ -	\$ 671,947	\$ -	\$ -
School Breakfast			FY 2023	-	-	-	784,876
Total - School Breakfast Program				-	671,947	-	784,876
COVID-19 - National School Lunch Program							
SNP Emergency Funds	Indiana Department of Education	10.555	212IN002H1703	-	40,818	-	-
Subtotal - COVID-19 - National School Lunch Program				-	40,818	-	-
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	FY 2022	-	1,539,999	-	-
Commodities			FY 2022	-	230,234	-	-
School Lunch			FY 2023	-	-	-	1,693,625
Commodities			FY 2023	-	-	-	166,255
2022 Supply Chain Reimbursements			222IN059N8903	-	-	-	129,579
2023 Supply Chain Reimbursements			232IN059N8903	-	-	-	29,500
Subtotal - National School Lunch Program				-	1,770,233	-	2,018,959
Total - National School Lunch Program				-	1,811,051	-	2,018,959
Summer Food Service Program for Children							
Summer Program	Indiana Department of Education	10.559	FAYETTE COUNTY 2395	-	101,329	-	48,947
Total - Summer Food Service Program for Children				-	101,329	-	48,947
Total - Child Nutrition Cluster				-	2,584,327	-	2,852,782
Child and Adult Care Food Program							
Child and Adult Care	Indiana Department of Education	10.558	FY 2022	-	309,883	-	-
			FY 2023	-	-	-	235,595
Total - Child and Adult Care Food Program				-	309,883	-	235,595

FAYETTE COUNTY 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 - Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
P-EBT Admin			FY 2022	-	3,063	-	-
P-EBT Admin			FY 2023	-	-	-	3,135
Total - COVID-19 - Pandemic EBT Administrative Costs				-	3,063	-	3,135
Total - Department of Agriculture				-	2,897,273	-	3,091,512
<u>Department of the Treasury</u>							
COVID-19 - Coronavirus Relief Fund CARES Act Training	Indiana Department of Workforce Development	21.019	5100COVIDRELIEF	-	14,080	-	-
Total - Department of the Treasury				-	14,080	-	-
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
2020-2021 Part B 611			21611-068-PN01	-	240,183	-	-
2021-2022 Part B 611			22611-068-PN01	-	806,591	-	-
2020-2021 Part B 619 Preschool			21611-068-PN01	-	361	-	-
2021-2022 Part B 619 Preschool			22611-068-PN01	-	59,222	-	-
Subtotal - Special Education Grants to States				-	1,106,357	-	-
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP) 2021-2023 IDEA Part B ARP	Indiana Department of Education	84.027X	21611-068-ARP	-	-	-	18,871
Total - Special Education Grants to States				-	1,106,357	-	18,871
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP) Spec Educ 619 ARP	Indiana Department of Education	84.173X	22619-068-ARP	-	245	-	-
Total - Special Education Cluster (IDEA)				-	1,106,602	-	18,871
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
2020-2021 Adult Education Grant			AE20-352	-	15,234	-	-
2021-2022 Adult Education Grant			AE21-352	-	26,482	-	6,578
2022-2023 Adult Education Grant			AE22-352	-	-	-	154,287
Total - Adult Education Basic Grants to States				-	41,716	-	160,865

FAYETTE COUNTY 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					
2020-2021 Title I			S010A200014	-	180,272	-	-
2021-2022 Title I			S010A210014	-	378,093	-	399,769
2022-2023 Title I			S010A220014	-	-	-	502,926
Total - Title I Grants to Local Educational Agencies				-	558,365	-	902,695
Career and Technical Education - Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048					
2020-2021 Perkins Assessment Grant			21-0512-A034	-	4,122	-	-
Perkins Leadership Grant Reimbursement			21-0512-C034	-	7,376	-	-
2020-2021 Perkins Reserve Grant			21-0512-R034	-	47,581	-	-
Perkins Basic Grant Reimbursement			21-0512-2395	-	43,000	-	-
2021-2022 Perkins Assessment Grant			22-0512-A034	-	1,411	-	7,250
2021-2022 Perkins Basic Grant			22-0512-B034	-	145,914	-	43,022
2022-2023 Perkins Assessment Grant			23-0512-A034	-	-	-	6,118
2022-2023 Perkins Basic Grant			23-0512-P034	-	-	-	147,787
Total - Career and Technical Education - Basic Grants to States				-	249,404	-	204,177
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2019-2021 Title IIA			S367A190013	-	9,063	-	-
2020-2022 Title IIA			S367A200013	-	87,392	-	52,853
2022-2024 Title IIA			S367A220013	-	-	-	9,676
Total - Supporting Effective Instruction State Grants				-	96,455	-	62,529
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2019-2021 Title IV Part A			S424A190015	-	38,134	-	-
2020-2022 Title IV Part A			S424A200015	-	40,005	-	13,570
2021-2023 Title IV Part A			S424A210015	-	-	-	1,971
Total - Student Support and Academic Enrichment Program				-	78,139	-	15,541
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
GEER I		84.425C	S425C200013	-	274,890	-	-
ESSER I		84.425D	S425D200013	-	185,587	-	65,144
ESSER II		84.425D	S425D210013	-	842,758	-	520,300
ESSER III ARP		84.425U	S425U210013	-	1,049,427	-	3,220,714
Total - COVID-19 - Education Stabilization Fund				-	2,352,662	-	3,806,158
Total - Department of Education				-	4,483,343	-	5,170,836

FAYETTE COUNTY 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
Department of Health and Human Services							
CCDF Cluster							
COVID-19 - Child Care and Development Block Grant 2021 Child Care and Development Block Grant Supplemental Funds	Indiana Department of Education	93.575	2101INCCC5	-	3,095	-	-
Total - CCDF Cluster				-	3,095	-	-
Head Start Cluster							
Direct Grant							
COVID-19 - Head Start 2021-2023 Head Start ARP Head Start		93.600	05HE000680-01-01 05CH01056003C3	-	84,321 54,437	-	116,340 -
Subtotal - COVID-19 - Head Start				-	138,758	-	116,340
Head Start							
Direct Grant							
2020-2021 Head Start 2021-2022 Head Start 2022-2023 Head Start		93.600	05CH010560-03-00 05CH010560-04-00 05CH010560-05-00	- - -	310,776 1,037,377 -	- - -	- 238,665 1,244,714
Subtotal - Head Start				-	1,348,153	-	1,483,379
Total - Head Start				-	1,486,911	-	1,599,719
Total - Head Start Cluster				-	1,486,911	-	1,599,719
Medicaid Cluster							
Medical Assistance Program							
IEP	Indiana Department of Education	93.778	FY 2022	-	100,096	-	-
IEP			FY 2023	-	-	-	104,330
INMAC	Indiana Family and Social Services Administration		FY 2022	-	95,128	-	-
INMAC			FY 2023	-	-	-	74,661
Total - Medical Assistance Program				-	195,224	-	178,991
Total - Medicaid Cluster				-	195,224	-	178,991
Total - Department of Health and Human Services				-	1,685,230	-	1,778,710
Total federal awards expended				\$ -	\$ 9,079,926	\$ -	\$ 10,041,058

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

FAYETTE COUNTY 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. Centerville-Fayette Special Services Cooperative

The School Corporation is a member of the Centerville-Fayette Special Services 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 SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

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

Condition and Context

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

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

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although the Deputy Treasurer prepared and submitted the financial information, and a second official reviewed the information, the internal control was not effective and did not detect or allow for correction of errors prior to submission.

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

- The Clearing Control fund and Rycor/Heartland Textbook fund were not reported in the Annual Financial Report (AFR) in Gateway for fiscal years 2021-2022 and 2022-2023. As such receipts and disbursements were understated by \$24,191,496 and \$24,552,831, respectively.
- Operations fund receipts of \$1,606,770 were incorrectly reported as Sale of Capital Assets instead of Other Receipts in the AFR for 2022-2023.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

Criteria

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

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

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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. . . ."

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(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

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

Effect

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

Views of Responsible Officials

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

FINDING 2023-002

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

Repeat Finding

This is a repeat finding from the prior audit report related to internal controls. The prior audit finding number was 2021-001.

Condition and Context

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

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 Deputy Treasurer prepared and submitted the federal award information, and a second official reviewed the information, the internal control was not effective and did not detect or allow for correction of errors prior to submission.

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

- a. Ten grants had individually immaterial errors that resulted in misstatements of expenditures of \$1,913,098, in total.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

b. Other errors included incorrect program names, Assistance Listings Numbers, and omitted pass-through entity identifying 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. . . ."

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:

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(Continued)

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

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

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

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

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

Cause

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the 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: COVID-19 - Education Stabilization Fund - Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U210013
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 that are 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 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. Two construction contracts, with expenditures totaling \$403,660, were paid from the COVID-19 - Education Stabilization Fund grant awards during the audit period. Both contracts were tested. Neither contract contained the required prevailing wage rate clause. Additionally, no certified weekly payrolls were obtained for the two construction projects.

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:

FAYETTE COUNTY 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). . . ."

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). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. . . ."

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(Continued)

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. . . ."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, construction contracts entered into did not contain the required wage rate requirements clauses nor were certified payrolls obtained as required.

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 required wage rate requirement clause in construction contracts in excess of \$2,000. In addition, certified payrolls should be obtained for each week in which work is completed.

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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(Continued)

FINDING 2023-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - National School Lunch Program, National School Lunch Program, Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2022, FY 2023, 212IN002H1703, 222IN059N8903, 232IN059N8903, FAYETTE COUNTY 2395
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Material Weakness

Condition and Context

The School Corporation had not designed nor implemented internal controls that would likely be effective in preventing, or detecting and correcting, noncompliance related to the allowable activities and costs for one vendor.

The School Corporation entered into a cost-reimbursement contract with a food service management company (FSMC) to oversee the School Corporation's food service operations. The FSMC purchased food and other supplies on behalf of the School Corporation. Additionally, some food service personnel paid with program funds were employees of the FSMC, not the School Corporation. The FSMC billed the School Corporation for food, supplies, and personnel on a regular basis. Invoices were provided with the bills to support the amount requested. However, there was no documented oversight or review process in place to ensure that the amounts billed were allowable activities and were in conformance with the applicable cost principles for the child nutrition program.

The lack of internal controls was isolated to purchases from the one vendor.

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 implemented by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

FAYETTE COUNTY 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.

AUDITEE-PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: 2022-2023

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

Summary of Finding:

The School Corporation has an internal control process that includes a second review of the amounts reported on the annual Schedule of Expenditures of Federal Awards presented for audit. The control in place, however, did not prevent, detect, and correct material errors noted in the audit period SEFA.

Status of Audit Finding: Not Corrected

Response Comments:

FCSC Officials are continuing to learn and improve our processes and internal controls to prevent errors on the SEFA. In addition to monthly reviews by the Deputy Treasurer and secondary reviews by the Director of Operations, we will be using a sub-program within our financial software that allows us to input information for all federal grants for tracking purposes. This will be extremely beneficial considering the large number of grants that we manage. The Deputy Treasurer will also reconcile all federal funds in our financials to the SEFA, once completed, to ensure accuracy.

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Material Weakness and Noncompliance

The Annual Financial Reports that were submitted in Gateway for the 2021-2022 and 2022-2023 fiscal years were incorrect. Lack of internal controls and insufficient information/instruction were the main contributing factors causing the errors on the report.

Contact Person Responsible for Corrective Action: Tina Smith

Contact Phone Number and Email Address: (765) 825-2178
tlsmith@fayette.k12.in.us

Views of Responsible Officials: We concur with this finding.

Description of Corrective Action Plan:

The Deputy Treasurer will reconcile the Fund Report to the AFR at fiscal year end to ensure inclusion of all funds required to be on the reports. The reporting requirements for the two funds that were omitted in the AFR, the Clearing Control Fund and the Rycor/Heartland Textbook Fund, were recently changed at the beginning of the audit period and FCSC officials were unaware of the changes.

The incorrect reporting of the Operations Fund receipts was simply an oversight on the AFR. The receipts in question *were* receipted as 05390, which is by definition “other receipts”, not “sale of assets.” The upload process into Gateway coded those receipts as “sale of assets”, which was an undetected error. Officials will be more diligent in the future to catch errors that may happen as a part of the upload process from our financial software into Gateway.

Upon completion of the Gateway AFR, the Director of Operations will review the report. Both the Director of Operations and the Deputy Treasurer will then meet to discuss and correct any potential errors on the AFR.

Anticipated Completion Date:

Reconciliation is an ongoing process with no “completion date.” However, a full cycle of the corrective action will be completed with the Gateway AFR in August 2024.

FINDING 2023-002

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Summary of Finding: This is a repeat finding from the 2021 audit.

A lack of internal controls allowed the misstatement of expenditures and incorrect program names, assistance listing numbers and pass-through entity identity numbers for several federal grants on the SEFA.

Contact Person Responsible for Corrective Action: Tina Smith

Contact Phone Number and Email Address: (765) 825-2178
tlsmith@fayette.k12.in.us

Views of Responsible Officials: We concur with this finding.

Description of Corrective Action Plan:

In order to enhance our internal controls, the Deputy Treasurer will reconcile all federal grants on the FCSC's Fund Report to the SEFA in Gateway at fiscal year end to ensure inclusion of all funds required to be on the reports. To fulfill the segregation of duties according to the Uniform Internal Control Standards, the SEFA will be reviewed by the Director of Operations during his review of the AFR. The reconciliation will be provided to the Director of Operations to assist in his review. Both the Director of Operations and the Deputy Treasurer will then meet to discuss and correct any potential errors on the SEFA.

Anticipated Completion Date:

This will be completed with the Gateway AFR, which includes the SEFA, in August 2024.

FINDING 2023-003

Finding Subject: Material Weakness and Modified Opinion

COVID-19 Education Stabilization Fund – Special tests and provisions regarding wage rate requirements.

Summary of Finding:

FCSC was not in compliance with the Davis-Bacon Act, which requires contractors and subcontractors to supply payroll/wage rate information to the contractee if the services provided exceed \$2,000.00 and are paid with federal funds.

Contact Person Responsible for Corrective Action: Randy Harris

Contact Phone Number and Email Address: (765) 825-2178
rharris@fayette.k12.in.us

Views of Responsible Officials: We concur with this finding.

Description of Corrective Action Plan:

We have learned from our error. Going forward, FCSC will be more diligent about understanding the parameters of grant guidelines and reporting. If we have any future contracts that are in excess of \$2,000.00 and are to be paid with federal monies, FCSC will be sure to obtain the wage records from the contractor. We can note in the bid request that Davis-Bacon rules apply.

Anticipated Completion Date: A new procedure is in place effective February 2024.

FINDING 2023-004

Finding Subject: Child Nutrition Cluster – Allowable and Non-allowable Activities and Costs

Summary of Finding: Material Weakness

FCSC did not have a review process in place to ensure that food service program funds were being used for allowable activities and allowable costs.

Contact Person Responsible for Corrective Action: Tina Smith

Contact Phone Number and Email Address: (765) 825-2178
tlsmith@fayette.k12.in.us

Views of Responsible Officials: We concur with this finding.

However, it has never been a past practice to audit the costs and activities of the food service program. This has been a recent change in audit requirements that began with the beginning of this audit period.

Description of Corrective Action Plan:

The Deputy Treasurer will randomly and periodically request receipts from the food service director in order to conduct a “mini-audit” to ensure that all costs and activities are, in fact, allowable.

Anticipated Completion Date:

A new procedure is in place effective February 2024. The documented oversight will be available and provided for review with the 2025 audit.

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/>.