

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

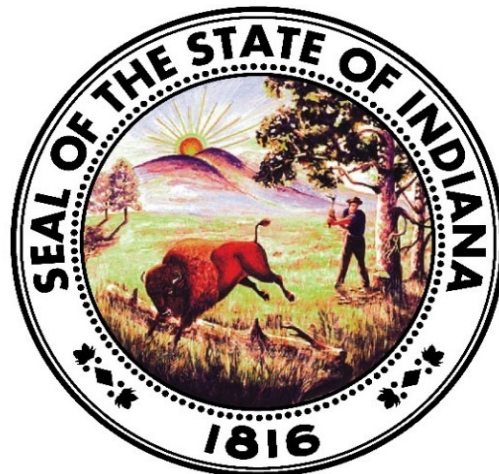
FEDERAL COMPLIANCE AUDIT REPORT

OF

MILL CREEK COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**

02/27/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-19
Auditee-Prepared Document:	
Corrective Action Plan .....	22-23
Other Reports.....	24

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lori Bennett	07-01-21 to 06-30-24
Superintendent of Schools	Jim Diagostino	07-01-21 to 06-30-24
President of the School Board	Melisa Branscum Nic Allen	07-01-21 to 12-31-22 01-01-23 to 12-31-24



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 MILL CREEK COMMUNITY SCHOOL  
CORPORATION, HENDRICKS 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 Mill Creek Community School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 14, 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 item 2023-001, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Mill Creek Community School Corporation's Response to Findings***

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

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

February 14, 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 MILL CREEK COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

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)

***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.

***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 item 2023-002, 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 14, 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 14, 2024

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY2021-2022	\$ -	\$ 135,952	\$ -	\$ -
School Breakfast Program			FY2022-2023	-	-	-	91,004
Total - School Breakfast Program				-	135,952	-	91,004
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 21-22	-	670,580	-	-
National School Lunch Program			FY 22-23	-	-	-	424,814
National School Lunch Program -Commodities			FY2021-2022	-	70,396	-	-
National School Lunch Program -Commodities			FY2022-2023	-	-	-	45,990
Subtotal - National School Lunch Program				-	740,976	-	470,804
Supply Chain Assistance Funds to Alleviate Supply Chain Disruptions in the School Meal Program							
Supply Chain Assistance(SCA)	Indiana Department of Education	10.555					
			Rounds 1 2 and 3	-	-	-	50,048
Total - National School Lunch Program				-	740,976	-	520,852
Special Milk Program for Children							
Special Milk Program for Children	Indiana Department of Education	10.556					
Special Milk Program for Children			FY2021-2022	-	295	-	-
Special Milk Program for Children			FY2022-2023	-	-	-	461
Total - Special Milk Program for Children				-	295	-	461
Total - Child Nutrition Cluster				-	877,223	-	612,317
Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Pandemic EBT Administrative Costs			FY2021 Pandemic EBT Admin Cos	-	-	-	-
Pandemic EBT Administrative Costs			FY2021 Pandemic EBT Admin Cos	-	614	-	-
Pandemic EBT Administrative Costs			FY2021 Pandemic EBT Admin Cos	-	-	-	628
Total - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	877,837	-	612,945
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2019 Federal Part B 611 Grant			19611-046-PN01	-	1,500	-	-
FY 2020 Federal Part B 611 Grant			20611-044-PN01	-	6,989	-	-
FY 2021 Federal Part B 611 Grant			21611-044-PN01	-	154,000	-	1,753
FY 2022 Federal Part B 611 Grant			22611-044-PN01	-	210,819	-	144,520
FY 2023 Federal Part B 611 Grant			23611-044-PN01	-	-	-	249,816
Subtotal - Special Education Grants to States				-	373,308	-	396,089
COVID-19 - Special Education Grants to States							
FY 2022 IDEA ARP 611 Grant	Indiana Department of Education	84.027X					
			22611-044-ARP	-	16,396	-	60,974
Total - Special Education Grants to States				-	389,704	-	457,063

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2019 Preschool 619 Grant			19619-046-PN01	-	47	-	-
FY 2020 Preschool 619 Grant			20619-044-PN01	-	9,550	-	-
FY 2021 Preschool 619 Grant			21619-044-PN01	-	96	-	20,051
FY 2022 Federal Preschool 619 Grant			22619-044-PN01	-	159	-	116
FY 2023 Federal Preschool 619 Grant			23619-044-PN01	-	-	-	291
Subtotal - Special Education Preschool Grants				-	9,852	-	20,458
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X					
FY 2022 Federal IDEA ARP 619 Grant			22619-044-ARP	-	-	-	5,807
Total - Special Education Preschool Grants				-	9,852	-	26,265
Total - Special Education Cluster (IDEA)				-	399,556	-	483,328
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2020-2021 Title I Grant			S010A200014	-	63,760	-	-
2021-22 Title I Grant			S010A210014	-	147,656	-	41,966
22-23 Title I Grant			S010A220014	-	-	-	144,456
Total - Title I Grants to Local Educational Agencies				-	211,416	-	186,422
English Language Acquisition State Grants	Indiana Department of Education	84.365					
FY2021 Title III Language Instruction for English Learners & Immigrant Students			S365A210014	-	1,254	-	-
FY2021 Title III Grant			S365A210014	-	-	-	1,665
22-23 Title III Grant			S365A220014	-	-	-	1,337
Total - English Language Acquisition State Grants				-	1,254	-	3,002
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FY2018 Title II-A Project Based Learning Grant			FY 2018	-	400	-	-
FY22 Teacher Leader Bootcamp			FY2021-2022	-	1,487	-	-
2019-2020 Title II Grant			S367A190013	-	6,038	-	-
2020-2021 Title II Part A			S367A200013	-	32,478	-	9,977
Total - Supporting Effective Instruction State Grants				-	40,403	-	9,977
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
FY2020 Title IV Part A Grant			S367A200013	-	4,891	-	-
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
GEER Grant		84.425C	S425C200018	-	1,904	-	-
FY2021 Cares Act Set Aside		84.425D	S425D200013	-	23,058	-	25,304
CARES ACT(ESSER)		84.425D	S425D200013	-	35,653	-	-
ESSER II(CRRSA)		84.425D	S425D210013	-	583,361	-	-
ESSER III FY2021		84.425U	S425U200013	-	262,601	-	-
ESSER III (ARP)		84.425U	S425U210013	-	-	-	409,930
3E Grant		84.425U	7000S425U210013	-	-	-	12,488
Total - COVID-19 - Education Stabilization Fund				-	906,577	-	447,722
Total - Department of Education				-	1,564,097	-	1,130,451

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicaid Reimbursement - Federal			FY2021-2022	-	10,901	-	-
Medicaid Reimbursement - Federal			FY2022-2023	-	-	-	12,666
Total - Medical Assistance Program				-	10,901	-	12,666
Total - Medicaid Cluster				-	10,901	-	12,666
Total - Department of Health and Human Services				-	10,901	-	12,666
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security						
FEMA-4515-DR-IN-COVID 19		97.036	PA-05-IN-4515-PW-00295	-	29,972	-	-
Total - Department of Homeland Security				-	29,972	-	-
Total federal awards expended				\$ -	\$ 2,482,807	\$ -	\$ 1,756,062

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

MILL CREEK COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

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

**B. Other Significant Accounting Policies**

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

**Note 2. Indirect Cost Rate**

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

**Note 3. Old National Trail Special Services Cooperative**

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

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	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
84.425	Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund	Unmodified Unmodified

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

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

**FINDING 2023-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition and Context*

There was a deficiency in the internal control system of the School Corporation related to receipts.

The School Corporation's process upon receipt of money or EFT notification was for the Treasurer to verify the funds and then send it to the Administrative Assistant for review. Upon completion of the Administrative Assistant's review, the Treasurer recorded the receipt within the Komputrol accounting system.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

To verify this process, documentation of the Administrative Assistant's review of receipts was requested. No evidence of this review or oversight process could be provided. As such, receipts were recorded without a documented oversight or review process to ensure receipts were timely and accurately posted to the School Corporation's system.

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

*Criteria*

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

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

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal controls over receipts. Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, errors.

*Effect*

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

*Views of Responsible Officials*

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

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-002**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425D  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

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

Furthermore, the reported data on two of the reports, as noted below, could not be traced back to records that accumulate or summarize the data; therefore, the accuracy and completeness of the reports could not be verified.

*ESSER I, Year 3 Report*

The key line item, "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) Uses - Personnel Services - Salaries," was not able to be verified to the School Corporation's records. Additionally, the key line item, "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) Uses - Personnel Services - Benefits," was understated by \$16.

*ESSER II, Year 2 Report*

The key line item, "Meeting Students' Academic, Social, Emotional, and Other Needs (Excluding Mental Health Supports) Uses - Personnel Services - Salaries," was understated by \$288,199.

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

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.334 states in part:

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

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

*Cause*

A proper system of internal controls was not designed by management of the School Corporation. 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 non-compliance. As a result, some data could not be traced back to the underlying records.

MILL CREEK COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure all reports submitted on behalf of the COVID-19 - Education Stabilization Fund program funds are accurate and complete.

*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 DOCUMENT

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



## CORRECTIVE ACTION PLAN

### ***FINDING 2023-001***

Finding Subject: Financial Transactions and Reporting

#### Summary of Finding:

The School Corporation's process upon receipt of money or EFT notification was for the Treasurer to verify the funds and then send it to the Administrative Assistant for review. Upon completion of the Administrative Assistant's review, the Treasurer recorded the receipt within the Komputrol system. To verify this process, documentation of the Administrative Assistant's review of receipts was requested. No evidence of this review or oversight process could be provided. As such, receipts were recorded without a documented oversight or review process to ensure receipts were timely and accurately posted to the School Corporation's system.

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer

Contact Phone Number: 317-539-9200

Views of Responsible Officials: We agree with the finding.

#### Description of Corrective Action Plan:

The administrative assistant will review the recorded receipt by the Treasurer. Upon review and agreement, the administrative assistant will initial and date a prepared document of the Komputrol entry to provide oversight to ensure timeliness and accuracy of posting.

Anticipated Completion Date: March 31, 2024



## CORRECTIVE ACTION PLAN

### ***FINDING 2023-002***

Finding Subject: COVID-19 – Education Stabilization Fund - Reporting

#### Summary of Finding:

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation was required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity. During the audit period the School Corporation submitted two ESSER I reports, two ESSER II reports and two ESSER III reports, for a total of six reports. The annual data reports were compiled, prepared and submitted by the Assistant Superintendent without an oversight or review process in place to prevent, or detect and correct, errors. Furthermore, the reported data on two of the reports could not be traced back to records that accumulate or summarize the data; therefore, the accuracy and completeness of the reports could not be verified.

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer

Contact Phone Number: 317-539-9200

Views of Responsible Officials: We agree with the finding.

#### Description of Corrective Action Plan:

The Superintendent, or designee, will prepare the annual data reports to be reported to the IDOE by using records that accumulate or summarize the data. Prior to the submission of the reports, the Treasurer will review the records and annual data report. The Treasurer will initial and date a hard copy of the report to ensure accuracy and completeness.

Anticipated Completion Date: March 31, 2024

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.