

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CULVER COMMUNITY SCHOOL CORPORATION

MARSHALL COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
02/19/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Casey Howard	07-01-21 to 06-30-24
Superintendent of Schools	Karen Shuman	07-01-21 to 06-30-24
President of the School Board	Theresa Thompson Amy Pugh Jack Jones Theresa Thompson	01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 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 CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL 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 Culver 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 7, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Culver 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 7, 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 CULVER COMMUNITY SCHOOL CORPORATION, MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Adverse and Unmodified Opinions

We have audited the Culver 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.

Adverse Opinion on COVID-19 - Education Stabilization Fund

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse and Unmodified Opinions* section of our report, the School Corporation did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 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 Adverse and Unmodified Opinions

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

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in items 2023-003 for Allowable Costs/Cost Principles, 2023-004 for Matching, Level of Effort, Earmarking, 2023-005 for Equipment and Real Property Management, and 2023-006 for Reporting. 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

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, and 2023-007, 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 7, 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 7, 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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CULVER 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 Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			SY 21-22	\$ -	\$ 117,131	\$ -	\$ -
School Breakfast Program			SY 22-23	-	-	-	89,327
				<u>-</u>	<u>117,131</u>	<u>-</u>	<u>89,327</u>
Total - School Breakfast Program				-	117,131	-	89,327
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			SY 21-22	-	373,933	-	-
National School Lunch Program-Commodities			SY 21-22	-	54,439	-	-
National School Lunch Program-Commodities			SY 22-23	-	-	-	34,967
National School Lunch Program			SY 22-23	-	-	-	350,987
Supply Chain Assistance Funds			SY 22-23	-	-	-	52,063
School After Snack Program			SY 22-23	-	-	-	1,506
				<u>-</u>	<u>428,372</u>	<u>-</u>	<u>439,523</u>
Total - National School Lunch Program				-	428,372	-	439,523
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			SY 21-22	-	51,397	-	-
Summer Food Service Program for Children			SY 22-23	-	-	-	14,786
				<u>-</u>	<u>51,397</u>	<u>-</u>	<u>14,786</u>
Total - Summer Food Service Program for Children				-	51,397	-	14,786
Fresh Fruit and Vegetable Program							
School Fresh Fruit & Vegetable Program	Indiana Department of Education	10.582					
			SY 22-23	-	-	-	18,892
				<u>-</u>	<u>-</u>	<u>-</u>	<u>18,892</u>
Total - Child Nutrition Cluster				-	596,900	-	562,528
Child Nutrition Discretionary Grants Limited Availability							
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
			SY 21-22	-	30,000	-	-
				<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Pandemic EBT Administrative Costs							
EBT Administrative Costs	Indiana Department of Education	10.649					
EBT Administrative Costs			SY 21-22	-	614	-	-
EBT Administrative Costs			SY 22-23	-	-	-	628
				<u>-</u>	<u>614</u>	<u>-</u>	<u>628</u>
Total - Pandemic EBT Administrative Costs				-	614	-	628
Total - Department of Agriculture				-	627,514	-	563,156

CULVER 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
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2021 Spec Ed Part B 611			21619-103-PN01	-	102,760	-	-
Spec Ed Part B 611 FY 2022			22611-103-PN01	-	239,486	-	112,287
Part B 611 FY 2023			23611-103-PN01	-	-	-	144,700
Subtotal - Special Education Grants to States				-	342,246	-	256,987
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027X					
ARP Special Education 611			22611-103-ARP	-	71,834	-	9,646
Total - Special Education Grants to States				-	414,080	-	266,633
Total - Special Education Cluster (IDEA)				-	414,080	-	266,633
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A 2020-2021			S010A200014	-	38,888	-	-
2021-2022 Title I Part A			S010A210014	-	193,009	-	-
Title I SY 22-23			S010A220014	-	-	-	217,677
Total - Title I Grants to Local Educational Agencies				-	231,897	-	217,677
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II FFY 18			S367A180013	-	1,000	-	-
Title II FFY2019			S367A190013	-	16,220	-	13,439
Title II FFY 2020			S367A200013	-	32,948	-	-
FFY 2021 Title II Part A			S367A210013	-	10,110	-	25,567
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	60,278	-	39,006
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
FFY 2020 Title IV			S424A200015	-	9,452	-	-
FY 2021 Part B 611			S424A210015	-	14,115	-	-
Total - Student Support and Academic Enrichment Program				-	23,567	-	-

CULVER 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
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
3E--ARP-ESSER		84.425U	S425U210013	-	-	-	7,462
CARES		84.425D	S425D200013	-	181,418	-	50,828
Gov Emergency Educ Relief (GEER)		84.425C	S425C200018	-	51,817	-	7,148
ESSER II		84.425D	S425D200013	-	-	-	609
ESSER III		84.425U	S425U210013	-	325,779	-	1,253,714
Total - COVID 19 - Education Stabilization Fund				-	559,014	-	1,319,761
Total - Department of Education				-	1,288,836	-	1,843,077
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement-Federal			FY 21-22	-	33,924	-	-
Medicaid Reimbursement-Federal			FY 22-23	-	-	-	64,052
Total - Medical Assistance Program				-	33,924	-	64,052
Total - Medicaid Cluster				-	33,924	-	64,052
Total - Department of Health and Human Services				-	33,924	-	64,052
Total federal awards expended				\$ -	\$ 1,950,274	\$ -	\$ 2,470,285

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

CULVER 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.

CULVER 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?	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 Adverse

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2021-002.

Condition and Context

The School Corporation is required to file financial reports not later than 60 days after the close of each fiscal year. The reports are to be filed electronically as prescribed.

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

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

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

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

1. The Child Nutrition Cluster expenditures were understated by \$50,329 and \$120,999 for fiscal years 2021-2022 and 2022-2023, respectively.
2. The Title I Grants to Local Educational Agencies expenditures were overstated by \$5,099 and \$150,872 for 2021-2022 and 2022-2023, respectively.
3. The COVID-19 - Education Stabilization Fund expenditures were understated by \$40,905 for 2021-2022 and overstated by \$365,564 for 2022-2023.
4. The amounts passed through to subrecipients were overstated by \$1,326,600 and \$2,549,138 for 2021-2022 and 2022-2023, respectively.
5. Several additional grants had errors that resulted in a total misstatements of expenditures of \$62,850 and \$71,313 for 2021-2022 and 2022-2023, respectively.

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 not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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

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

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

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. . . ."

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:

- (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.

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

- (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 the 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."

Cause

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

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

Subject: Child Nutrition Cluster - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, Fresh Fruit, and Vegetable Program
Assistance Listings Numbers: 10.553, 10.555, 10.559, 10.582
Federal Award Numbers and Years (or Other Identifying Numbers): SY 21-22 and SY 22-23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition and Context

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

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

Upon inquiry of the School Corporation in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the School Corporation noted that all disbursements were approved by the Treasurer who ensured suspension and debarment procedures were followed. Two covered transactions that equaled or exceeded \$25,000 were identified. Both transactions, totaling \$185,699, were selected for testing. For the two vendors, the School Corporation did not verify either vendor's suspension and debarment status prior to payment.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

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

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 managements statements of what should be done to effect internal control, and procedures should consist of actions that would implement these policies.

Effect

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

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2023-003

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425C, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund provided funding to states and school districts to help safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on the nation's students. States were required to subgrant a portion of its ARP ESSER allocation to local educational agencies (LEA). Prior to LEAs receiving its respective subgrants, LEAs were required to complete an application for ARP ESSER funding, which was submitted to the Indiana Department of Education (IDOE), the pass-through entity for approval. The application included a district level budget identifying how the LEA intended to spend program funds. Per the School Corporation's approved application, program funding was budgeted for salaries and respective benefits for the Director of Student Support, Title I Aide, Career Coach, Summer School Positions, and a Social Emotional Academic Learning Liaison, as well as for equipment as classified under the facilities acquisition and construction expenditure account. The School Corporation noted on its application that the funds budgeted for equipment were strictly for the costs of the equipment and did not include any costs for labor.

A sample of 31 claims charged to the ARP ESSER program for which reimbursement was received during the audit period was selected for testing to verify the expenditures were in conformance with the applicable cost principles. Of the 31 claims tested, 4 claims totaling \$693,454, each of which were paid to the same contractor, included costs for labor and project management related to air handling units in multiple buildings. Due to the magnitude of the exceptions identified, all remaining payments made to this contractor for which the School Corporation received reimbursement during the audit period were abstracted and reviewed. Upon review of these claims, additional labor, and project management costs of \$306,745 were identified. The aggregate total of \$1,000,199 expended for labor and project management costs are considered questioned costs as they were not approved by the IDOE prior to being expended as required by the terms and conditions of the federal award.

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

In addition, the School Corporation submitted twice to the IDOE, four different invoices for expenditures related to the ARP ESSER program. As a result, the School Corporation received duplicate reimbursements for the expenditures on each of the four invoices, resulting in the School Corporation receiving \$50,000 more than its approved allocation of ARP ESSER funding. The management of the School Corporation was aware of this error; however, did not contact the IDOE to resolve the issue, nor did they return the funds to the state. The \$50,000 is considered questioned costs.

Lastly, the School Corporation submitted to the IDOE a request for reimbursement for expenditures totaling \$12,113 for the Governor Emergency Education Relief Fund (GEER) program. The School Corporation received the reimbursement of \$12,113 twice from the IDOE. This resulted in the School Corporation receiving an extra \$12,113 of GEER funding that they should not have received. The management of the School Corporation was aware of this duplicate payment received from the IDOE; however, did not contact the IDOE to resolve the issue, nor did they return the funds to the state. The \$12,113 is considered questioned costs.

The ineffective internal controls and noncompliance was limited to the items noted above for the S425C200018 and S425U210013 grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

34 CFR 76.700 states: "A State and a subgrantee shall comply with § 76.500, the State plan, applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

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

Indiana Department of Education ESSER III Application Walk Through states in part:

". . . Please budget the appropriate items in the district budget. Be sure to include all requested items or activities in the budgeted total and include sufficient detail in the narrative boxes below. Be sure to provide sufficient detail for IDOE to determine the reasonableness, allowability, and necessity of the proposed activity. You may include additional documentation in the Attachments section of the Summary Page. . . ."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, costs not approved in the budget were reimbursed and costs requested twice were reimbursed. In addition, reimbursements received twice were retained by the School Corporation.

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

Questioned Costs

Known questioned costs of \$1,062,312 were identified as detailed in the *Condition and Context*.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure costs are included in the approved budget, are only requested once, and are not retained if received in error.

Views of Responsible Officials

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

FINDING 2023-004

Subject: COVID-19 - Education Stabilization Fund - Earmarking
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

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

Condition and Context

Local educational agencies that receive funds under the American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ESSER III) are to reserve not less than 20 percent of the funds to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus on the student subgroups. This requirement was set out in the enabling legislation for the funds and further implemented in the Education Stabilization Relief Fund Application III, which the School Corporation was required to complete for its award.

As the School Corporation fully expended its ESSER III award during the audit period, earmarking was tested. The School Corporation, per its application, was required to set aside a total of \$329,358 of ESSER III grant funds to be used to provide additional opportunities to students including summer school, career coach, and a social emotional academic learning liaison. Of the grant proceeds received by the School Corporation, a total of \$27,840 was expended towards the established set aside. Therefore, only 9 percent of the required 20 percent minimum earmarking requirement was spent. The remaining set aside amount, \$301,518, that was requested for reimbursement, was spent on activities that were not a part of the earmarking requirement.

The lack of internal controls and noncompliance was isolated to the ESSER III grant noted above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

Section 2001(e)(1) of the ARP Act states in part:

"A local educational agency that receives funds under this section—

- (1) shall reserve not less than 20 percent of such funds to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus on the student subgroups . . ."

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

Cause

A proper system of internal controls was not designed by management of the School Corporation. 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, the required set-aside was not spent by the School Corporation.

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 required earmarking requirements are met.

Views of Responsible Officials

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

FINDING 2023-005

Subject: COVID-19 - Education Stabilization Fund - Equipment
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

A property record or capital asset listing which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

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

The School Corporation maintained a detailed listing of capital assets; however, the asset records provided for audit did not reflect the additions paid with federal funds. The School Corporation utilized COVID-19 - Education Stabilization Fund awards, totaling \$1,172,148, to partially pay for a large ventilation project; however, neither the federally purchased equipment nor the construction in progress was included in the capital asset records. Additionally, the capital asset listing provided did not identify which assets were purchased with federal dollars.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d)(1) states:

"Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property."

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, assets purchased in whole or in part with federal dollars were not properly added to the School Corporation's asset listing. In addition, assets on the listing did not denote whether federal funds were used to acquire the asset.

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.

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

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the necessary information and new assets are added.

Views of Responsible Officials

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

FINDING 2023-006

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding related to Annual Data Reports from the immediately prior audit report. The prior audit finding number was 2021-004.

Condition and Context

Annual Data Report

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 an annual data report 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. The annual data reports were prepared by the Treasurer and reviewed by a second knowledgeable individual; however, this process did not allow for the prevention, or detection and correction of errors.

The School Corporation was required to submit six Annual Data Reports during the audit period. The three Annual Data Reports for the period of July 1, 2020 to June 30, 2021, were not submitted in a timely manner. The reports were to be submitted to the IDOE by May 13, 2022, but the School Corporation did not submit the reports until March 16, 2023.

Reimbursement Requests

The School Corporation completes reimbursement requests on a periodic basis. The reimbursement requests are prepared by the Treasurer utilizing various ledger reports and are reviewed by a second knowledgeable employee; however, this process did not allow for the prevention, or detection and correction, of errors.

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

While gaining an understanding of how the School Corporation spent its COVID-19 - Education Stabilization Fund award, various issues with reimbursement requests were noted. The issues identified at that time revealed that the School Corporation submitted reimbursement requests for and received reimbursements for four invoices, twice which resulted an extra \$50,000 in grant funds being claimed. Additionally, three reimbursement requests tested did not agree with supporting documentation which resulted in \$6,071 being reimbursed that was not supported by the School Corporation's records. The \$56,071 is considered a questioned cost.

As a result of these errors, we determined that reimbursement requests should be tested. Therefore, a sample of 8 reimbursement requests were selected from the population of 49 for testing. No additional errors were noted in the 8 reimbursement requests tested.

The lack of internal controls was a systemic issue that occurred throughout the audit period; the noncompliance was limited to the reports noted above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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.

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reports were not timely submitted to the IDOE, and reimbursement requests were not supported by the School Corporation's underlying accounting records.

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

Questioned Costs

Known questioned of \$56,071 were identified as noted in the *Condition and Context*.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure reports are submitted timely and supporting documentation is used and retained for reimbursement requests.

Views of Responsible Officials

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

FINDING 2023-007

Subject: 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 Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Finding: Material Weakness

Condition and Context

The School Corporation had not properly designed or implemented an effective system of internal controls to prevent, or detect and correct, noncompliance. The School Corporation contracted with a project manager who obtained the required certified payrolls from the contractor but there was no oversight or review process at the School Corporation level to ensure compliance.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

CULVER COMMUNITY 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). . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Culver Community Schools Corporation

Karen Shuman, Superintendent

www.culver.k12.in.us

700 School Street
Culver, IN 46511-0231
Phone (574) 842-3364
Fax (574) 842-4615

Aubbeenaubbee Township – Fulton County
North Bend Township – Starke County
Tippecanoe Township – Pulaski County
Union Township – Marshall County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: 7/1/19 to 6/30/21

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Preparation of the Annual Financial Report

Summary of Finding: Material Weakness

Condition: The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the AFR. For fiscal year 2021, it was the first year the AFR was required to be prepared directly by the School Corporation instead of from semi-annual filings with the Indiana Department of Education. There was not an appropriate review of the activity posted on the AFR.

Recommendation: School Corporation's management establish a formal review of the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

Status of Audit Findings: Fully corrected and the original corrective action was implemented.

Corrective Action Plan: AFR Report – The Treasurer creates reports in Komputrol (accounting software) and uses the reports to file the AFR for SBOA in Gateway. The AFR is reviewed by the Treasurer and Deputy Treasurer; however, more detail to prevent errors needs to be conducted. Prior to submitting financial statements and reports the Treasurer and Deputy Treasurer will review in full detail and approve.

Response Comments: No further action warranted.

Culver Community Schools Corporation

Karen Shuman, Superintendent

www.culver.k12.in.us

700 School Street
Culver, IN 46511-0231
Phone (574) 842-3364
Fax (574) 842-4615

Aubbeenaubbee Township – Fulton County
North Bend Township – Starke County
Tippecanoe Township – Pulaski County
Union Township – Marshall County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

Fiscal year in which the finding initially occurred: 7/1/13 to 6/30/15

Current Audit Period: 7/1/21 to 6/30/23

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

Summary of Finding: Significant Deficiency

Condition: The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

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

Recommendation: School Corporation's management establish a formal review of the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail. The review should also verify all non-financial data is accurately reported.

Status of Audit Findings: Not corrected and the original corrective action was implemented but did not correct the deficiency and the stated issue remains.

Corrective Action Plan: Treasurer will complete the SEFA. After completion but before submission the Deputy-Treasurer will review and approve. Future submission of SEFA will include the Child Nutrition Cluster, Medicaid Cluster expenditures properly. Correct program titles, pass-through entity and CFDA numbers will be used.

Response Comments: Not corrected. Treasurer will complete the SEFA. After completion but before submission the Deputy-Treasurer will review and approve. Future submission of SEFA will include the Child Nutrition Cluster, Medicaid Cluster expenditures properly. Correct program titles, pass-through entity and CFDA numbers will be used.

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Karen Shuman, Superintendent

www.culver.k12.in.us

700 School Street
Culver, IN 46511-0231
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FINDING 2021-003

Fiscal year in which the finding initially occurred: 7/1/19 to 6/30/21

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Program Income: Special Tests and Provisions – Verification of Free and Reduced-Priced Applications

Summary of Finding: Material Weakness

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income and Special Test and Provisions compliance requirements.

Cause: The School Corporation’s management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Recommendations: School Corporation’s management establish a system of internal controls, including segregation of duties, related to the Program Income and ensure there is a documented review of program income recognize to Fund 800 on a periodic basis. All supporting documentation be maintained to support verification procedure performed.

Status of Audit Findings: Fully corrected and the original corrective action was implemented.

Corrective Action Plan: Child Nutrition Cluster-Program Income – Along with using the food service software which automatically made the eligibility determinations dependent upon the information entered in the software the FSD along with the ECA Treasurer will review the eligibility determinations with the proper documentation. FSD and ECA Treasurer review the monthly reports utilized to recognize program income. This began in July of 2020. Child Nutrition Cluster-Verification of Free-Reduced Price Applications – The FSD will hold all income verification documentation obtained from the parent/guardian during the verification process to support the change in eligibility status.

Response Comments: No further action warranted.

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FINDING 2021-004

Fiscal year in which the finding initially occurred: 7/1/19 to 6/30/21

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Education Stabilization Fund-Timely Report of Annual Data Report

Summary of Finding: Significant Deficiency

Conditions: The School Corporation did not have a review control in place to ensure the annual data report was reviewed by someone other than the preparer and that the report was submitted timely.

Cause: There was not sufficient internal controls in place to ensure the Annual Data Report was submitted by the IDOE's deadline.

Recommendations: Management review internal controls around the preparation, review and submission of the Annual Data Reports to verify reports are submitted timely. We recommend someone other than the preparer of the report perform a documented review prior to submission to validate the accuracy and completeness of the data submitted.

Status of Audit Findings: Partially corrected the original corrective action plan.

Corrective Action Plan: Reporting – The Treasurer and Deputy Treasurer will review and approve all grant reporting with Komputrol reports and grant approval. All deadlines will be submitted prior to due dates.

Response Comments: The reports due in May 2022 were not submitted timely, however, the reports due April 2023 were submitted on time.

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CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2023-001

Summary of Finding:

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

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

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Treasurer will complete the Schedule of Expenditures of Federal Awards (SEFA). After completion but before submission the Deputy-Treasurer will review and approve.

Future submission of SEFA will include the Child Nutrition Cluster, Medicaid Cluster and all Federal grant expenditures properly. Correct program titles, pass-through entity and federal CFDA numbers will be used.

Anticipated Completion Date: August 2023

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-002

Subject: Child Nutrition Cluster – Suspension and Debarment
Summary of Finding:

The School Corporation did not verify vendor suspension and debarment status prior to payment.

Recommendation

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

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Food Service Director and/or Treasurer will utilize the procurement policy and will ensure all vendors paid with federal dollars have not been suspended or debarred.

Anticipated Completion Date: Completed as of January 2024

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-003

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

Condition and Context

The American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund provided funding to States and school districts to help safely reopen and sustain the safe operation of schools and to address the impact of the coronavirus pandemic on the nation's students. States were required to subgrant a portion of their ARP ESSER allocation to local educational agencies (LEA). Prior to LEAs receiving their respective subgrants, LEAs were required to complete an application for ARP ESSER funding, which was submitted to the Indiana Department of Education (IDOE), the pass-through entity for approval. The application included a district level budget identifying how the LEA intended to spend program funds. Per the School Corporation's approved application, program funding was budgeted for salaries and respective benefits for Director of Student Support, Title I Aide, Career Coach, Summer School Positions, and a Social Emotional Academic Learning Liaison, as well as for equipment as classified under the facilities acquisition and construction expenditure account. The School Corporation noted on their application that the funds budgeted for equipment were strictly for the costs of the equipment and did not include any costs for labor.

A sample of 31 claims charged to the ARP ESSER program for which reimbursement was received during the audit period was selected for testing to verify the expenditures were in conformance with the applicable cost principles. Of the 31 claims tested, four claims totaling \$693,454, each of which were paid to the same contractor, included costs for labor and project management related to air handling units in multiple buildings. Due to the magnitude of the exceptions identified, all remaining payments made to this contractor for which the School Corporation received reimbursement during the audit period were abstracted and reviewed. Upon review of these claims, additional labor and project management costs of \$306,745 were identified. The aggregate total of \$1,000,199 expended for labor and project management costs are considered questioned costs as they were not approved by IDOE prior to being expended as required by the terms and conditions of the federal award.

In addition, the School Corporation submitted twice to IDOE, four different invoices for expenditures related to the ARP ESSER program. As a result, the School Corporation received duplicate reimbursements for the expenditures on each of the four invoices, resulting in the School Corporation receiving \$50,000 more than their approved allocation of ARP ESSER funding. The management of the School was aware of this error; however, did not contact IDOE to resolve the issue, nor did they return the funds to the State.

Lastly, the School Corporation submitted to IDOE a request for reimbursement for expenditures totaling \$12,113 for the Governor Emergency Education Relief Fund (GEER) program. The School Corporation received the reimbursement of \$12,113 twice from IDOE. This resulted in the School Corporation receiving an extra \$12,113 of GEER funding that they should not have received. The management of the

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School was aware of this duplicate payment received from IDOE; however, did not contact IDOE to resolve the issue, nor did they return the funds to the State.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure costs are included in the approved budget, are only requested once, and are not retained if received in error.

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Superintendent, Treasurer, Deputy-Treasurer and/or Grant writer will review all grant applications prior to submission. Upon grant approval the same parties will again review approval and review dollar amounts, allowable expenses, etc.

The Superintendent, Treasurer, Deputy-Treasurer and/or Grant Writer will review all grant reimbursements and monitor/finance reports prior to submission.

A grant amendment has been requested in January 2024 to include additional allowable expenses.

Anticipated Completion Date: February 2024

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-004

Subject: COVID-19 – Education Stabilization Fund – Earmarking

Summary of Finding:

Only 9% of the required 20% minimum earmarking requirement was spent. The remaining set aside amount that was requested for reimbursement was spent on activities that were not a part of the earmarking requirement.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure required earmarking requirements are met.

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Superintendent, Treasurer, Deputy-Treasurer and/or Grant Writer will review all grant reimbursements prior to submission for all earmarking. Earmarking will be reviewed for implementation of evidence-based learning loss and accelerated learning.

A grant amendment has been requested in January 2024 to include additional allowable expenses.

Anticipated Completion Date: February 2024

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-005

Subject: COVID-19 – Education Stabilization Fund – Equipment
Summary of Finding:

The School Corporation utilized Education Stabilization Funds to pay for equipment. The equipment was not included in the capital asset records. The capital asset listing provided did not identify which assets were purchased with federal dollars.

Recommendation:

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the necessary information and new assets are added.

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Our corporation has a company that updates our fixed assets every two years. Between the two years our Deputy-Treasurer with the assistance of the Treasurer will work in an excel document to track all additions/deletions, identification, location, etc. All assets regarding equipment will be identified if purchased with federal grant funds.

Anticipated Completion Date: February 2024

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-006

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

The School Corporation did not submit annual reports in a timely manner during the first year of the audit period. Reimbursement requests included invoices which had been reimbursed previously and some request did not agree with supporting documentation.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure reports are submitted timely and supporting documentation is used and retained for reimbursement requests.

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Reporting – The Treasurer and Deputy Treasurer will review and approve all grant reporting with Komputrol reports and grant approval. All deadlines will be submitted prior to due dates.

The Superintendent, Treasurer, Deputy-Treasurer and/or Grant Writer will review all grant reimbursement requests prior to submission for accuracy.

Anticipated Completion Date: Completed March 2023 – February 2024

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-007

Subject: COVID-19 – Education Stabilization Fund – Special Tests and Provisions – Wage Rate Requirements

Summary of Finding:

The School Corporation had not properly designed or implemented an effective system of internal controls to prevent, or detect and correct, noncompliance.

Recommendation

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

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364 x806

Views of the Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The corporation will create and implement an effective system to prevent, or detect and correct, noncompliance. We will create an oversight or review process to obtain the required certified payrolls.

Anticipated Completion Date: Completed as of January 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/>.