

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

EVANSVILLE VANDERBURGH SCHOOL CORPORATION

VANDERBURGH COUNTY, INDIANA

July 1, 2019 to June 30, 2020



**FILED**

04/14/2021



## 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 Statements 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 .....	5-7
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.....	15-24
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	26
Corrective Action Plan .....	27-30
Other Reports.....	31

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carl D. Underwood	07-01-19 to 06-30-21
Superintendent of Schools	David B. Smith	07-01-19 to 06-30-21
President of the School Board	Karen Ragland Jeff Worthington Andrew C. Guarino	07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF THE EVANSVILLE VANDERBURGH SCHOOL  
CORPORATION, VANDERBURGH 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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evansville Vanderburgh School Corporation (School Corporation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 30, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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 statements 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, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, 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  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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 2020-001.

***Evansville Vanderburgh School Corporation's Response to Findings***

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 statements, 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.

  
Paul D. Joyce, CPA  
State Examiner

March 30, 2021



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 EVANSVILLE VANDERBURGH SCHOOL CORPORATION, VANDERBURGH COUNTY, INDIANA

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

We have audited the Evansville Vanderburgh 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 year ended June 30, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

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

***Basis for Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and Special Education Cluster (IDEA)***

As described in items 2020-002, 2020-003, and 2020-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles and Program Income that are applicable to its Child Nutrition Cluster, Allowable Costs/Cost Principles that is applicable to its Title I Grants to Local Educational Agencies, and Allowable Costs/Cost Principles that is applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to the programs.

***Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and Special Education Cluster (IDEA)* paragraph, 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 Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and Special Education Cluster (IDEA) for the year ended June 30, 2020.

***Other Matters***

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**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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.

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)


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002, 2020-003, and 2020-004, that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance 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.

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.

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

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements. We issued our report thereon dated March 30, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

  
Paul D. Joyce, CPA  
State Examiner

March 30, 2021

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Child Nutrition Cluster				
School Breakfast Program	Indiana Department of Education	10.553	FY 2020	\$ 1,451,576
School Breakfast Program				
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2020	113,375
School Breakfast Program				
Total - School Breakfast Program				1,564,951
National School Lunch Program	Indiana Department of Education	10.555	FY 2020	5,091,238
National School Lunch Program			FY 2020	871,330
National School Lunch Program - Commodities				
Sub-Total - National School Lunch Program				5,962,568
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2020	400,071
National School Lunch Program				
Total - National School Lunch Program				6,362,639
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020	145,044
Summer Food Service Program for Children				
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020	1,821,472
Summer Food Service Program for Children				
Total - Summer Food Service Program for Children				1,966,516
Total - Child Nutrition Cluster				9,894,106
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2019	6,395
Child and Adult Care Food Program			FY 2020	57,376
Child and Adult Care Food Program				
Total - Child and Adult Care Food Program				63,771
Total - Department of Agriculture				9,957,877
<u>Department of Justice</u>				
Juvenile Justice and Delinquency Prevention	Indiana Criminal Justice Institute	16.540	03218JXFX005803	61,058
Title II Part B				
Total - Department of Justice				61,058

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Education</u>				
Special Education Cluster (IDEA)				
Special Education_Grants to States	Indiana Department of Education	84.027		
Part B FY 2018			18611-015-PN01	301,448
Part B FY 2019			19611-015-PN01	2,013,478
Part B FY 2020			20611-015-PN01	<u>4,280,168</u>
Total - Special Education_Grants to States				<u>6,595,094</u>
Special Education_Preschool Grants				
Special Education_Preschool Grants	Indiana Department of Education	84.173		
Preschool FY 2018			18619-015-PN01	23,813
Preschool FY 2019			19619-015-PN01	128,289
Preschool FY 2020			20619-015-PN01	<u>186,807</u>
Total - Special Education_Preschool Grants				<u>338,909</u>
Total - Special Education Cluster (IDEA)				
				<u>6,934,003</u>
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010		
Title I Basic			S010A180014	2,170,024
1003a- School Improvement			S010A180014	261,482
Title I Basic			S010A190014	5,254,554
1003a- School Improvement			S010A190014	<u>1,029,791</u>
Total - Title I Grants to Local Educational Agencies				<u>8,715,851</u>
Career and Technical Education – Basic Grants to States				
Career and Technical Education – Basic Grants to States	Indiana Department of Education	84.048		
Perkins FY18/19			19-4700-7995	<u>143,994</u>
Career and Technical Education – Basic Grants to States				
Career and Technical Education – Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048		
Perkins Assessment FY 19/20			20-0512-A046	2,075
Perkins FY 19/20			20-4700-7995	<u>469,967</u>
Total - Career and Technical Education – Basic Grants to States				<u>616,036</u>
Education for Homeless Children and Youth				
Education for Homeless Children and Youth	Indiana Department of Education	84.196		
McKinney-Vento FY 18/19			A58-7-17SS-3921	13,803
McKinney-Vento FY 19/20			A58-0-20SS-6242	<u>51,752</u>
Total - Education for Homeless Children and Youth				<u>65,555</u>
Twenty-First Century Community Learning Centers				
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287		
Cohort 8 Year 2 FY 18/19			A58-8-18DL-4604	12,804
Cohort 8 Year 3 FY 19/20			A58-8-18DL-4604	<u>303,380</u>
Total - Twenty-First Century Community Learning Centers				<u>316,184</u>

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
English Language Acquisition State Grants	Indiana Department of Education	84.365		
Title III FY 18/20			01119-087-PN01	24,508
Title III FY 20/22			01120-077-PN01	<u>54,262</u>
Total - English Language Acquisition State Grants				<u>78,770</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367		
Title II Part A			S367A170013	297,126
Title II Part A			S367A180013	<u>534,059</u>
Total - Supporting Effective Instruction State Grants				<u>831,185</u>
School Improvement Grants	Indiana Department of Education	84.377		
1003g - Lincoln			FY 18/19	106,037
1003g- Washington			FY 18/19	44,315
1003g- Cedar Hall			FY 18/19	85,264
1003g- Cedar Hall			FY 19/20	120,476
1003g- Lincoln			FY 19/20	4,813
1003g - Washington			FY 19/20	<u>54,134</u>
Total - School Improvement Grants				<u>415,039</u>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424		
Title IV Part A			S424A170015	29,686
Title IV Part A			S424A180015	280,587
Title IV Part A			S424A190015	<u>103,879</u>
Total - Student Support and Academic Enrichment Program				<u>414,152</u>
Total - Department of Education				<u>18,386,775</u>
<u>Department of Health and Human Services</u>				
Medicaid Cluster				
Medical Assistance Program	Family and Social Services Administration	93.778		
Medicaid Reimbursement - Federal			FY 2020	231,623
Medical Assistance Program	Indiana Department of Education	93.778		
InMac			FY 2020	<u>206,313</u>
Total - Medical Assistance Program				<u>437,936</u>
Total - Medicaid Cluster				<u>437,936</u>
Total - Department of Health and Human Services				<u>437,936</u>
Total federal awards expended				<u>\$ 28,843,646</u>

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

EVANSVILLE VANDERBURGH 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 year ended June 30, 2020. 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.

*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.

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental Activities	Unmodified
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements 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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Qualified
84.010	Title I Grants to Local Educational Agencies	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$865,309

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2020-001**

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

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The School Corporation had not established effective internal controls related to financial transactions and reporting. The School Corporation had implemented an internal control that required the Director of Budget to review the financial statements and Notes to Financial Statements (Notes) prepared by a contracted compiler, but the internal control was not effective to ensure timely, complete, and accurate financial reports. The financial statements and Notes contained material misstatements as identified below.

*Contracts Payable*

The School Corporation recorded Contracts Payable based on outstanding purchase orders as of June 30, 2020; however, the services had not yet been received, so no liability was incurred.

*Loans Payable*

A loan was received and placed in a separate bank account. The loan proceeds, expenditures, and cash balance were not reported in the School Corporation's records or on the financial statements or Notes.

*Financial Reporting and Notes to Financial Statements*

The School Corporation's financial statements and Notes contained several material errors, including the following:

1. The Bosse Field Renovations fund was excluded from the financial statements and the related Loans Payable on the government-wide financial statements and the Notes.
2. The General Obligations Bond fund was included as a Debt Service fund instead of a Capital Projects fund.
3. The TRF Pre-96 expenses related to contributions made by the state on behalf of the School Corporation were not recorded as revenues and expenses on the Statement of Activities.
4. Property taxes revenue was overstated on the Statement of Activities.
5. Services related to contracts that had not yet been rendered were included as payable at June 30, 2020.
6. Outstanding encumbrances that were not actually paid in the subsequent period were recorded as payables of the prior year, which understated beginning balances and expenses in the current year.

Adjustments were proposed, approved by the School Corporation, and made to the financial statements and Notes.

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

*Cause*

Management of the School Corporation had not properly implemented internal controls over financial transactions and reporting during the audit period.

*Effect*

The failure to establish a system of internal controls enabled material misstatements or irregularities to remain undetected. The financial statements and Notes contained the errors noted 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.

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2020-002**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,  
National School Lunch Program, COVID-19 - National School  
Lunch Program, Summer Food Service Program for Children,  
COVID-19 - Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY 2020  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Allowable Costs/Cost Principles, Program Income  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with the requirements related to the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

The School Corporation paid a portion of the salaries for administrative, custodial, and mail delivery personnel from the School Lunch fund without proper documentation to support the percentage paid.

Payroll disbursements for administrative, custodial, and mail delivery employees were allocated to the Child Nutrition Cluster based on estimations of the employees' time spent working on the Child Nutrition programs. There were no records maintained to support the estimated percentage of time paid from the federal programs for any of the employees. The unsupported salaries paid to the employees was \$344,703.

The lack of internal controls and noncompliance were systemic issues, which occurred 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). . . ."

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.430(i) states in part:

*"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

2 CFR 200.307(e)(2) states in part: *"Addition.* With prior approval of the Federal awarding agency . . . program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

*Effect*

The failure to establish an effective system of internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

The total amount of unsupported salaries of administrative, custodial, and mail delivery personnel paid from the programs during the audit period was \$344,703. This amount was considered questioned costs.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

*Views of Responsible Officials*

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

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2020-003**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): S010A180014, S010A190014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with the requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation paid a portion of salaries to employees without proper documentation to support the percentage paid.

Payroll disbursements of six employees tested were allocated to the Title I program based on budgeted estimates of the employee's time worked on Title I, rather than actual time worked. There were time reporting records, but no records to support the estimated percentage of time paid from the federal program. The unsupported salaries paid to these employees was \$153,441. When the payroll sample errors were projected to the population, likely errors of \$422,659 were identified.

The lack of internal controls and noncompliance were systemic issues, which occurred 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). . . ."

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

2 CFR 200.430(i) states in part:

*"Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective system of internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

The total amount of unsupported salaries paid from the program during the audit period was \$153,441. This amount was considered questioned costs.

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2020-004**

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

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-015-PN01, 19611-015-PN01,  
20611-015-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-002.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with the requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation paid a portion of salaries to employees without proper documentation to support the percentage paid.

Payroll disbursements of five employees tested were allocated to the Special Education program based on budgeted estimates of the employee's time worked on Special Education, rather than actual time worked. There were time reporting records, but no records to support the estimated percentage of time paid from the federal program. The unsupported salaries paid to these employees was \$3,197. When the payroll sample errors were projected to the population, likely errors of \$1,025,356 were identified.

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

EVANSVILLE VANDERBURGH 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 200.403 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. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

EVANSVILLE VANDERBURGH SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

The total amount of unsupported salaries paid from the program during the audit period was \$3,197. This amount was considered questioned costs.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2019-001***

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding:

Evansville Vanderburgh School Corporation implemented a new internal control practice in the school year 2019-2020 in response to the State Board of Accounts finding referenced above. Administrators working in the cafeteria are now obligated to check a box each week for work dedicated to the cafeteria. EVSC is working on establishing controls for the mail delivery personnel in which they will document the time and effort of daily work spent on food service responsibilities.

### ***FINDING 2019-002***

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

Evansville Vanderburgh School Corporation implemented a new internal control practice in the school year 2020-2021 in response to the State Board of Accounts finding referenced above. Special Education employees now maintain time and effort logs for the entire year. These are reviewed by administrator and signed by the employee.

### ***FINDING 2019-003***

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

Evansville Vanderburgh School Corporation implemented a new internal control practice in the school year 2020-2021 in response to the State Board of Accounts finding referenced above. Title I employees now maintain time and effort logs. These are reviewed by the administrator and signed by the employee.

### ***FINDING 2019-004***

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

Evansville Vanderburgh School Corporation implemented a new internal control practice in the school year 2019-2020 in response to the State Board of Accounts finding referenced above. Starting in 2019-2020 the Twenty-First century employees now maintains time and effort logs. These are reviewed by the administrator and signed by the employee. The employee that was being paid from multiple funds; effective 2/3/20 was removed from that position and that position was not replaced.

---

## CORRECTIVE ACTION PLAN

### ***FINDING 2020-001***

Contact Person Responsible for Corrective Action: Courtney Bohleber  
Contact Phone Number: 812-435-8409

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: Evansville Vanderburgh School Corporation will implement more secure internal controls over the contracts payable, loans payable, financial close and reporting and notes to the financial statements. For the contracts payable, controls will be maintained in which each purchased order is reviewed to ensure services have been received. For the loans payable, controls will be maintained and reviewed each year to ensure each loan Evansville Vanderburgh School Corporation issues is updated on the financials reports. For the financial close and reporting and notes to the financial statements controls will be maintained in which the notes and financial reporting will accurately reflect what is included in the financial statements. The Director of Budget will work with the Financial Advisors to ensure these controls are reviewed thoroughly.

Anticipated Completion Date: September 1, 2021

---

## CORRECTIVE ACTION PLAN

### ***FINDING 2020-002***

Contact Person Responsible for Corrective Action: Courtney Bohleber  
Contact Phone Number: 812-435-8409

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: Evansville Vanderburgh School Corporation will implement recordkeeping to track the amount of time worked in Food Service. Actual hours worked will be charged to the federal program.

Anticipated Completion Date: September 1, 2021

---

## CORRECTIVE ACTION PLAN

### ***FINDING 2020-003***

Contact Person Responsible for Corrective Action: Courtney Bohleber  
Contact Phone Number: 812-435-8409

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: Evansville Vanderburgh School Corporation will implement recordkeeping to track the amount of time worked on Title I Programs. Actual hours worked will be charged to the federal program.

Anticipated Completion Date: September 1, 2021

---

## CORRECTIVE ACTION PLAN

### ***FINDING 2020-004***

Contact Person Responsible for Corrective Action: Courtney Bohleber  
Contact Phone Number: 812-435-8409

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: Evansville Vanderburgh School Corporation will implement recordkeeping to track the amount of time worked on Special Education Programs. Actual hours worked will be charged to the federal program.

Anticipated Completion Date: September 1, 2021

## 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/>.