

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

ELWOOD COMMUNITY SCHOOL CORPORATION

MADISON COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
05/11/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joa Griffith Linda Jones	07-01-18 to 04-14-19 04-15-19 to 06-30-21
Superintendent of Schools	Dr. Casey Smitherman Dr. Joe Brown	07-01-18 to 02-01-19 02-02-19 to 06-30-21
President of the School Board	Robert Savage Paul Brent Kane Corie Lovell Robert Savage	07-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-21



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 ELWOOD COMMUNITY SCHOOL
CORPORATION, MADISON 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 Elwood Community School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated April 23, 2021, 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.

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) to determine the 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, 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
STATEMENT 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 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 2020-001.

Elwood Community 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 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.


Paul D. Joyce, CPA
State Examiner

April 23, 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 ELWOOD COMMUNITY SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Elwood 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, 2018 to 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)

Opinion on Each 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 each of its major federal programs for the period of July 1, 2018 to June 30, 2020.

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.


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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated April 23, 2021, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted 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.


Paul D. Joyce, CPA
State Examiner

April 23, 2021

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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ELWOOD COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 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	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Food Service			FY 18-19	\$ -	\$ 209,090	\$ -	\$ -
Food Service			FY 19-20	-	-	-	138,720
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
COVID-19 - School Breakfast Program			FY 19-20	-	-	-	10,062
Total - School Breakfast Program				-	209,090	-	148,782
National School Lunch Program							
Food Service	Indiana Department of Education	10.555					
Food Service			FY 18-19	-	499,961	-	-
Commodities			FY 19-20	-	-	-	343,543
			FY 18-20	-	49,350	-	48,420
Subtotal - National School Lunch Program				-	549,311	-	391,963
COVID-19 National School Lunch Program	Indiana Department of Education	10.555					
COVID-19 National School Lunch Program			FY 19-20	-	-	-	26,426
Total - National School Lunch Program				-	549,311	-	418,389
Summer Food Service Program for Children							
Food Service	Indiana Department of Education	10.559					
Food Service			FY 18-19	-	29,278	-	-
			FY 19-20	-	-	-	19,483
COVID-19 Summer Food Service Program for Children		10.559					
COVID-19 Summer Food Service Program for Children			19611-088-PN01	-	-	-	128,149
Total - Summer Food Service Program for Children				-	29,278	-	147,632
Total - Child Nutrition Cluster				-	787,679	-	714,803
Child and Adult Care Food Program							
Food Service	Indiana Department of Education	10.558					
Food Service			FY 18-19	-	91,773	-	-
			FY 19-20	-	-	-	76,254
Total - Child and Adult Care Food Program				-	91,773	-	76,254
Total - Department of Agriculture				-	879,452	-	791,057

ELWOOD COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 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	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Institute of Museum and Library Services							
Grants to States	Indiana State Library	45.310					
Library Grant			730-TEC-01-1800	-	7,876	-	-
Total - Institute of Museum and Library Services				-	7,876	-	-
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed - Part B			18611-088-PN01	-	292,953	-	148,433
Special Ed - Part B			19611-088-PN01	-	119,378	-	271,248
Special Ed Part B			20611-091-PN01	-	-	-	195,945
Total - Special Education Grants to States				-	412,331	-	615,626
Special Education Preschool Grants							
Pre-School	Indiana Department of Education	84.173					
Pre-School			18619-088-PN01	-	28,557	-	1,288
Preschool			19619-088-PN01	-	9,075	-	22,848
			20619-091-PN01	-	-	-	7,545
Total - Special Education Preschool Grants				-	37,632	-	31,681
Total - Special Education Cluster (IDEA)				-	449,963	-	647,307
Adult Education - Basic Grants to States							
Adult Education	Indiana Department of Workforce Development	84.002					
Adult Education			AE660	-	128,849	-	55,029
Adult Education - IET			AE760	-	127,429	-	13,785
Adult Education - WEI			AE960	-	-	-	5,353
			AE960	-	-	-	1,787
Total - Adult Education - Basic Grants to States				-	256,278	-	75,954
Title I Grants to Local Educational Agencies							
Title I - A	Indiana Department of Education	84.010					
Title I - A			S010A180014	-	341,355	-	145,701
Title I - A			S010A190014	-	-	-	318,044
Title I - A			S010A190014	-	48,242	-	-
Title I - A			SO10A150014	-	188,672	-	-
Total - Title I Grants to Local Educational Agencies				-	578,269	-	463,745

ELWOOD COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 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	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Perkins Career & Technical Grant			17-4700-5280	-	4,080	-	-
Rural Grant			18-4700-5280	-	100,000	-	-
Perkins Career & Technical Grant			18-4700-5280	-	50,394	-	-
Perkins Career & Technical Grant			19-4700-5280	-	72,755	-	50,939
Perkins Career & Technical Grant			20-0512-5280	-	-	-	59,025
Perkins Career & Technical Grant			20-0512-A025	-	-	-	3,094
Total - Career and Technical Education -- Basic Grants to States				-	227,229	-	113,058
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II - A			S367A160013	-	81,771	-	-
Title II - A			S367A170013	-	50,614	-	13,363
Title II Part A Supporting Effective Instruction			S367A18001	-	-	-	36,953
Title II Part A Supporting Effective Instruction			S367A190013	-	-	-	-
Total - Supporting Effective Instruction State Grants				-	132,385	-	50,316
School Improvement Grants	Indiana Department of Education	84.377					
Title I			S010A180014	-	98,687	-	77,207
Title I			S377A140015	-	91,070	-	84,270
Total - School Improvement Grants				-	189,757	-	161,477
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A170015	-	26,699	-	11,301
Title IV			S424A180015	-	16,795	-	15,445
Title IV			S424A190015	-	-	-	26,500
Total - Student Support and Academic Enrichment Program				-	43,494	-	53,246
Total - Department of Education				-	1,877,375	-	1,565,103
Total federal awards expended				\$ -	\$ 2,764,703	\$ -	\$ 2,356,160

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

ELWOOD 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, 2019 and 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.

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.

ELWOOD 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?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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
84.010	Child Nutrition Cluster	Unmodified
	Title I Grants to Local Educational Agencies	Unmodified
	Special Education Cluster (IDEA)	Unmodified

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

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

FINDING 2020-001

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 report. The prior audit finding number was 2018-001.

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

Condition and Context

The School Corporation had not established effective 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).

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. The School Corporation's internal controls were not found effective and did not detect and allow correction of 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 overstated by \$165,089 and \$245,187 for fiscal years 2018-2019 and 2019-2020, respectively.
2. The Child and Adult Food Care Program expenditures were understated by \$97,773 and \$76,254 for 2018-2019 and 2019-2020, respectively.
3. Two additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$7,576 in total.
4. Other errors included incorrect program names and pass-through entities.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CRF 200.62 states in part:

"Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:

- (1) Permit the preparation of reliable financial statements . . ."

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 Financial statements. . . ."

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 Basis for determining Federal awards expended. 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.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA 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.

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

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established an effective system of internal controls that would have ensured 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 included the errors identified in the *Condition and Context*.

Views of Responsible Officials

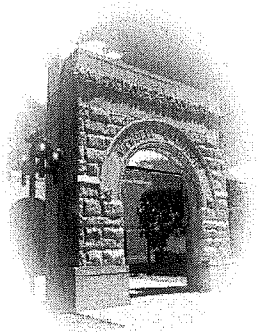
For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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



The Hope of Our Country

Elwood Community School Corporation

1306 N. Anderson St.
Elwood, IN 46036
Phone: (765) 552-9861
Fax: (765) 552-8088

Dr. Joe Brown
Superintendent

Mrs. Sherri Cripe
Director of Learning

Mrs. Linda Jones
Director of Business

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-001

Fiscal year in which the finding initially occurred: **2014**

Status of Audit Finding: **has not been corrected**

Preparation of Schedule of Expenditures of Federal Awards:

The Director of Business started Elwood Community Schools on 4/15/2019. At that time, there were no Internal Controls in place. On June 20, 2019, the board of trustees approved ECSC internal controls. Since that time when preparing the SEFA reports, it has been checked against the Form 9 and signed off by the Superintendent for the past 2 years. This has been corrected in 2021.



The Hope of Our Country

Elwood Community School Corporation

1306 N. Anderson St.
Elwood, IN 46036
Phone: (765) 552-9861
Fax: (765) 552-8088

Dr. Joe Brown
Superintendent

Mrs. Sherri Cripe
Director of Learning

Mrs. Linda Jones
Director of Business

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-002

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

Child Nutrition Cluster – Allowable Costs/Cost Principles:

This finding was corrected in March 2018, therefore, there are now controls in place that ensure that only applicable employees are paid from program funds. The salaries were restored back to the 'general fund' 100%. Employees who work on multiple activities are maintaining personnel activity reports or other documentation of time allocated to the program.



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Director of Learning

Mrs. Linda Jones
Director of Business

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-003

Fiscal year in which the finding initially occurred: **2018**

Status of Audit Finding: **corrected**

Child Nutrition Cluster – Internal Controls:

The Director of Business started Elwood Community Schools on 4/15/2019. At that time, there were no Internal Controls in place. On June 20, 2019, the board of trustees approved ECSC internal controls outlining the Procurement & Suspension and Debarment Procedures. Since that time, the Director of Business has been updating a worksheet for average monthly expenditures to ensure that three months average expenditures were calculated for comparison to monthly cash balances.



The Hope of Our Country

Elwood Community School Corporation

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Superintendent

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Director of Learning

Mrs. Linda Jones
Director of Business

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-004

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

School Breakfast Program, National School Lunch Program - Eligibility:

This finding was under the previous Food Service Director. The current Food Service Director immediately implemented adequate policies and procedures to ensure proper eligibility determinations were made for students prior to providing benefits and will maintain the records. These controls were implemented in October, 2018. Currently, we have internal controls in place having a second person review and sign off on the applicants.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-005

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

Child Nutrition Cluster – Equipment:

This finding was under the previous Food Service Director. The current Food Service Director had developed adequate procedures to ensure compliance with the requirements to maintain records of equipment purchased with Federal Funds and a physical inventory of said equipment. Detailed list includes source of funding, acquisition date, cost location for future audits. These are signed off by the Food Service Director. The school district has hired Schert Insurance to maintain our inventory. This internal control was started in February 2019.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-006

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

School Breakfast Program, National School Lunch Program – Program Income:

This finding was under the previous Food Service Director and the previous Business Manager. The current Food Service Director has developed Fund 8400 effective August, 2018. Fund 8400 has been established and is balanced each month to the Corporation Fund Report. The Accounts Payable clerk balances the corporation accounts and has been assigned as the dual control person with the Food Service Director.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-007

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

Child Nutrition Cluster - Reporting

This finding was under the previous Food Service Director. The current Food Service Director has developed a procedure effective January 2019. The Food Service Director prepares the monthly Sponsor Claims and the Cafeteria Manager(s) will review and sign off on the report to eliminate errors in reporting. The monthly report will have each manager sign off on their school. The claims will then be submitted for reimbursement. A copy is sent to the school treasurer and signed off by the Food Service Director.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-008

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

School Breakfast Program, National School Lunch Program – Special Tests and Provisions – Verification of Free & Reduced Price Applications

This finding was under the previous Food Service Director. The current Food Service Director has developed a procedure effective January 2019. The Food Service Director is having reports reviewed and signed off providing record of dual controls by cafeteria manager(s).



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-009

Fiscal year in which the finding initially occurred: **2016**

Status of Audit Finding: **corrected**

Title I Grants to Local Educational Agencies – Internal Controls

This finding was under the previous Business Manager and previous Superintendent. These controls were implemented on October, 2018. The Title I grants are done online and they are now being printed off and signed by preparer and approver. Internal Controls for the Annual Report Card/High School Graduation Rate has been implemented having the Director of Learning or Superintendent sign off on these reports for approval.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-010

Fiscal year in which the finding initially occurred: **2014**

Status of Audit Finding: **corrected**

Preparation of Schedule of Expenditures of Federal Awards:

This finding was under the previous Business Manager and previous Superintendent. The classified handbook was updated and approved in July, 2019. This with the internal controls will ensure compliance providing reasonable assurance that the chargers, are accurate, allowable and properly allowed.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-011

Fiscal year in which the finding initially occurred: **2018**

Status of Audit Finding: **corrected**

Preparation of Schedule of Expenditures of Federal Awards:

The Director of Business started Elwood Community Schools on 4/15/2019. At that time, there were no Internal Controls in place. On June 20, 2019, the board of trustees approved ECSC internal controls. Since that time when preparing the Maintenance of Effort Reports, it has been reviewed by the Director of Learning and/or Superintendent.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-012

Fiscal year in which the finding initially occurred: **2018**

Status of Audit Finding: **corrected**

Preparation of Schedule of Expenditures of Federal Awards:

Internal Controls are now established to ensure there is approvals on all transfers before the grants are completed. The Director of Business currently provides a worksheet providing information on the status of each grant and meets with the Director of Learning monthly, reviewing each grant.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-013

Fiscal year in which the finding initially occurred: **2018**

Status of Audit Finding: **corrected**

Preparation of Schedule of Expenditures of Federal Awards:

Internal Controls are now established for the Procurement & Suspension & Debarment of the grant purchases. Elwood Community Schools takes to the board for approval for any contract services over \$25,000.00.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-014

Fiscal year in which the finding initially occurred: **2018**

Status of Audit Finding: **corrected**

Preparation of Schedule of Expenditures of Federal Awards:

Internal Controls are now established to ensure compliance with requirements related to the grant agreement and the reporting compliance requirements for the accuracy of the Child Count Reports and the Final Financial Reports for grants.



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CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

This finding is a repeat finding that had a Corrective Action Plan. The previous Corrective Action Plan, however, did not eliminate errors on the SEFA report. The Director of Business will balance the SEFA report against the Form 9 for accuracy. The Superintendent will continue to review the report from Gateway and initial off showing dual controls.

The Director of Business will verify the incorrect program names, pass-through entities, and identifying numbers on the Sam website. Roxie Fred, Food Service Director, has already worked out with Titan on the reports for month end. Titan said it was a timing issue that we were not aware of. Therefore, the reports will match up to our accounting software report.

Anticipated Completion Date: Internal Controls was completed by 6/30/21.

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/>.