

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MADISON CONSOLIDATED SCHOOLS

JEFFERSON COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
06/08/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Jeffery T. Studebaker	07-01-18 to 06-30-21
President of the School Board	Carl Glesing Rob Kring Jodi Yancey	07-01-18 to 12-31-18 01-01-19 to 10-07-20 10-08-20 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 MADISON CONSOLIDATED SCHOOLS, JEFFERSON 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 Madison Consolidated Schools (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 May 13, 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.

***Madison Consolidated Schools' 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

May 13, 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 MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

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

We have audited the Madison Consolidated Schools' (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.

***Basis for Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies***

As described in item 2020-007 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Eligibility. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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)

As described in items 2020-002, 2020-004, and 2020-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts, and Procurement and Suspension and Debarment, that are applicable to its Child Nutrition Cluster; and Allowable Costs/Cost Principles applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

***Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies* 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 Title I Grants to Local Educational Agencies for the period of July 1, 2018 to June 30, 2020.

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster and Title I Grants to Local Educational Agencies* 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 and Title I Grants to Local Educational Agencies for the period of July 1, 2018 to June 30, 2020.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2018 to June 30, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-005, 2020-009, and 2020-010. Our opinion on each major federal program is not modified with respect to these 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.

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)

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.

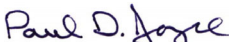
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material 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, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, and 2020-011, 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 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 May 13, 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

May 13, 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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MADISON CONSOLIDATED SCHOOLS  
 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					
School Breakfast Program			FY 2018-19	\$ -	\$ 187,592	\$ -	\$ -
School Breakfast Program			FY 2019-20	-	-	-	127,954
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2019-20	-	-	-	47,998
Total - School Breakfast Program				-	187,592	-	175,952
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2018-19	-	636,213	-	-
School Lunch Program			FY 2019-20	-	-	-	430,362
School Lunch Program - Commodities			FY 2018-20	-	94,923	-	89,656
Sub Total - National School Lunch Program				-	731,136	-	520,018
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2019-20	-	-	-	96,461
Total - National School Lunch Program				-	731,136	-	616,479
Total - Child Nutrition Cluster				-	918,728	-	792,431
Total - Department of Agriculture				-	918,728	-	792,431
<u>Department of Labor</u>							
WIOA Cluster							
WIOA Dislocated Worker Formula Grants	Indiana Department of Workforce Development	17.278					
			FY 2018-19	-	3,504	-	-
Total - WIOA Cluster				-	3,504	-	-
Total - Department of Labor				-	3,504	-	-

MADISON CONSOLIDATED SCHOOLS  
 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
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants To States							
Part B 611	Indiana Department of Education	84.027	18611-127-PN01	-	530,268	-	-
Part B 611			18611-127-PN01	-	-	-	134,738
Part B 611			19611-127-PN01	-	-	-	526,088
Total - Special Education Grants To States				-	530,268	-	660,826
Special Education Preschool Grants							
Part B 619	Indiana Department of Education	84.173	45717-127-PN01	-	2,546	-	-
Part B 619			45715-158-PN01	-	35,004	-	-
Part B 619			19619-127-PN01	-	-	-	34,829
Total - Special Education Preschool Grants				-	37,550	-	34,829
Total - Special Education Cluster (IDEA)				-	567,818	-	695,655
Title I Grants to Local Educational Agencies							
Title I	Indiana Department of Education	84.010	S010A180014	-	185,428	-	381,550
Title I			S010A150014	-	176,332	-	-
Title I			S010A190014	-	-	-	353,193
Total - Title I Grants to Local Educational Agencies				-	361,760	-	734,743
Impact Aid							
Impact Aid	Direct	84.041		-	70,310	-	73,418
Education for Homeless Children and Youth							
Mckinney-Vento Homeless	Indiana Department of Education	84.196	A58-7-17SS-3951	-	7,000	-	2,723
English Language Acquisition State Grants							
Title III	Indiana Department of Education	84.365	01118-035-PN01	-	3,250	-	3,817
Title III			0117-036-PN01	-	7,538	-	-
Total - English Language Acquisition State Grants				-	10,788	-	3,817

MADISON CONSOLIDATED SCHOOLS  
 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
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A160013	-	36,933	-	-
Title II Part A			S367A170013	-	65,191	-	25,469
Title II Part A			S367A180013	-	-	-	70,943
Total - Supporting Effective Instruction State Grants				-	102,124	-	96,412
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A180015	-	-	-	22,559
Total - Department of Education				-	1,119,800	-	1,629,327
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming (MAC)			FY 2018-19	-	22,378	-	-
Medicaid Administrative Claiming (MAC)			FY 2019-20	-	-	-	26,376
Total - Medical Assistance Program				-	22,378	-	26,376
Total - Medicaid Cluster				-	22,378	-	26,376
Total - Department of Health and Human Services				-	22,378	-	26,376
<u>Social Security Administration</u>							
Disability Insurance/SSI Cluster							
Social Security Disability Insurance	Indiana Family and Social Services Administration	96.001					
FY 2018-19				-	280	-	-
FY 2019-20				-	-	-	141
Total - Social Security Disability Insurance				-	280	-	141
Total - Disability Insurance/SSI Cluster				-	280	-	141
Total - Social Security Administration				-	280	-	141
Total Federal Awards Expended				\$ -	\$ 2,064,690	\$ -	\$ 2,448,275

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

MADISON CONSOLIDATED SCHOOLS  
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.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

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

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

*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. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

1. The National School Lunch Program expenditures were overstated in the amount of \$14,856 for fiscal year 2018-2019. The overstatement was comprised of \$11,409 of state matching funds incorrectly reported as federal monies and food commodities overstated by \$3,447.
2. The National School Lunch Program expenditures were understated in the amount of \$12,163 for 2019-2020. The reporting error was associated with expenditures in the amount of \$23,779 incorrectly reported as part of the School Breakfast Program instead of the National School Lunch Program, and state matching funds of \$11,616 incorrectly reported as federal monies.
3. The School Breakfast Program expenditures were overstated in the amount of \$23,779 for 2019-2020, due to National School Lunch Program expenditures incorrectly reported as part of the School Breakfast Program.
4. The Impact Aid expenditures of \$70,310 and \$73,418 were omitted for 2018-2019 and 2019-2020, respectively.
5. The Medicaid Assistance Program expenditures of \$22,378 and \$26,376 were omitted for 2018-2019 and 2019-2020, respectively.
6. Several additional grants had individually immaterial errors that resulted in the misstatement of expenditures of \$3,865, in total.
7. Other errors included incorrect program names.

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. . . ."

MADISON CONSOLIDATED SCHOOLS  
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 CFR 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.

MADISON CONSOLIDATED SCHOOLS  
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 a 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.

*Views of Responsible Officials*

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

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

**FINDING 2020-002**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program

Income, Special Tests and Provisions - School Food Accounts

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

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2019-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2018-002 and 2018-003.

*Condition and Context*

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

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Adequate internal controls were not in place to ensure meal prices charged were the prices approved by the School Board. Additionally, internal controls were not implemented to verify all program income from meal sales was accurately calculated and recorded in the ledger. Finally, internal controls were not in place to review the financial activity of the program to ensure all monies associated with the program were accurately recorded and expenditures were allowable.

Total costs charged to the program that did not comply were \$375,410. The costs were comprised of salaries and benefits and utilities as described below.

The School Corporation did not maintain adequate time and effort documentation for some employees paid from the School Lunch fund. Payroll records were not maintained for two employees whose job responsibilities were shown as solely related to the Child Nutrition program. Salaries and benefits for these two employees totaled \$267,248. Additionally, 15 percent of an administrator's salary and benefits were charged to the program during fiscal year 2018-2019 without supporting documentation of the actual time spent on the program. Total salaries and benefits charged for the administrator during 2018-2019 totaled \$17,576.

Utility charges derived from costs associated with solid waste management; natural gas; internet; telecommunications, water, wastewater, and electricity were charged as direct costs to the program using an allocation based upon square footage of the kitchen space at the various school facilities in relationship to total building square footage. Utility costs charged to the program as direct costs totaled \$90,586 for the audit period.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 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. . . ."

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Indiana Department of Education's *Frequently Asked Questions Related to Indirect Cost Rates* states:

"The Indirect Cost Rate calculated by the Office of School Finance sets the maximum rate a Local Education Agency can use. A Local Education Agency, however, is allowed to use any amount below the rate calculated by the Office of School Finance to the extent the funds are available."

The United States Department of Agriculture's *Indirect Costs Guidance for State Agencies & School Food Authorities, Appendix D: Typical Costs and their Classifications and Direct or Indirect* states in part: . . . "utilities based upon one meter for the entire school should be charged as indirect costs."

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. . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

7 CFR 210.14(a) states:

"*Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)."

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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, Program Income, and Special Tests and Provisions - School Food Accounts compliance requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - School Food Accounts compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2020-003**

Subject: Child Nutrition Cluster - Eligibility  
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

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2019-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

*Condition and Context*

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

Internal controls were not in place for direct certifications. There was no evidence of oversight or review process to ensure all students were correctly identified as qualifying for direct certification.

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

MADISON CONSOLIDATED SCHOOLS  
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). . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

*Effect*

The failure to establish an effective system of internal controls placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also have allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the Eligibility 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: Child Nutrition Cluster - Procurement and Suspension and Debarment

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

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2019-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number is 2018-006.

*Condition and Context*

The School Corporation was a member of the Wilson Education Center (Service Center). During the audit period, the Service Center solicited, evaluated, and awarded bids for bread, milk, and other products on behalf of its members.

An effective internal control system was not in place at the Service Center and the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The Service Center bids for bread and milk were originally awarded for fiscal year 2016-2017. Each contract included a clause stating that the contract could be extended for three additional 12-month periods by mutual written agreements. The Service Center could not provide written contracts of the mutually agreed-upon extensions for the bread and dairy bids for either 2018-2019 or 2019-2020. For 2019-2020, the Service Center had emails with the contractor that noted the agreement to extend the contract.

The School Corporation did not follow proper procurement requirements for small purchases. There was an instance in which no quotes were obtained for the items purchased. In another instance, bids were obtained for items purchased, but documentation was not retained to document how the bids were evaluated to determine the responsive bidder and criteria used.

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

*Suspension and Debarment*

The Service Center bids for bread and milk were originally awarded for 2016-2017. Each contract included a clause stating that the contract could be extended for three additional 12-month periods by mutual written agreement, along with a clause noting that the vendor was not suspended or debarred. The Service Center could not provide documentation of the mutually agreed-upon contracts for the extensions of the bread and dairy bids for either 2018-2019 or 2019-2020. The Service Center obtained certifications for 2019-2020 from the vendors that stated they were not suspended or debarred. The Service Center did not provide documentation that procedures were performed to verify the vendors were not suspended or debarred for 2018-2019.

The School Corporation did not provided documentation that procedures were performed to verify the vendors were not suspended or debarred for 2018-2019 for all three of the vendors tested.

The lack of internal controls and noncompliance were systemic issues isolated to 2018-2019.

MADISON CONSOLIDATED SCHOOLS  
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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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 2020-005**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-19, FY 2018-20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Finding: Material Weakness, Other Matters

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Internal controls over the paid lunch equity calculation were ineffective. Meal prices for the junior/senior high used in the paid lunch equity calculations for fiscal year 2018-2019 were incorrectly reported as \$2.20 when the actual amount charged was \$2.30 resulting in an error in the calculation.

The lack of effective internal controls and noncompliance was isolated to 2018-2019.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

7 CFR 210.14(e) states in part:

*"Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section.

(2) *Average paid lunch price is equal to/greater than the reimbursement difference.* When the average paid lunch price from the prior school year is equal to or greater than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average paid lunch price for the current school year that is not less than the difference identified in (e)(1)(iii) of this section; except that, the school food authority may use the procedure in paragraph (e)(4)(ii) of this section when establishing prices of paid lunches.

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(4) *Price adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

(ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.

(iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Special Test and Provisions - Paid Lunch Equity 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 2020-006**

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): S010A150014, 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. The prior audit finding number was 2018-012.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

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

Internal controls were not in place to ensure salary and benefits charged to the program were supported and accurate. Time and effort reports were not in agreement with amounts charged to the program for salaries and benefits in fifteen of the forty instances tested. A projection of the errors identified resulted in likely questioned costs of \$56,412.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 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; . . .
- (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); . . .

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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 internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in loss of funds to the School Corporation.

*Questioned Costs*

There were likely questioned costs in the amount of \$56,412.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with 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 2020-007**

Subject: Title I Grants to Local Educational Agencies - Eligibility

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): S010A150014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

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 2018-010.

*Condition and Context*

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

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Sufficient audit evidence was not presented for audit to verify the information used to determine eligibility for the Title I program was accurate. The Indiana Department of Education (IDOE) used the October 1 Real Time reports for fiscal years 2017-2018 and 2018-2019, as provided by the School Corporation, to determine Title I Eligibility for the 2018-2019 and 2019-2020 grant programs. The October 1 Real Time reports presented for audit to verify the eligibility accuracy differ from the amounts reported to IDOE. The School Corporation could not provide an explanation for the variances.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 states in part:

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

*Effect*

The failure to provide sufficient audit evidence for the determination of eligibility prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the Eligibility compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2020-008**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions -  
Report Card - High School Graduation Rate; Special Tests and Provisions -  
Assessment System Security

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): S010A150014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Annual Report Card, High  
School Graduation Rate, Special Tests and Provisions -  
Assessment System Security

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit regarding Special Tests and Provisions - Assessment Security System. The prior audit finding number was 2018-013.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security compliance requirements.

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

The School Corporation had not established a system of internal controls where all students reported exiting the cohort are reviewed to ensure the proper exit code for leaving was entered and proper supporting documentation for the exit was obtained.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had not established a system of internal controls to ensure monitoring of Assessment System Security occurred and was adequate. There were no documented internal controls in place to ensure all individuals that should have received training did receive training.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Assessment System Security compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2020-009**

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

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-127-PN01, 19611-127-PN01,  
45717-127-PN01, 45715-158-PN01,  
19619-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2018-008.

*Condition and Context*

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

The School Corporation did not maintain records that adequately documented the work performed related to the Special Education Cluster (IDEA) grants. Records documenting time and effort for employees charging their salaries, wages, and related benefits to the grants were presented for some, but not all employees during the audit. There were seven employees without time record documentation. A review of the time and effort documentation that was completed showed it was not being completed timely. Time and effort documentation completed was not signed and dated until four to six months after the fact, resulting in some documentation not being completed until the subsequent fiscal school year.

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). . . ."

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:

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (ii) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; . . .
- (iv) 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 noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with 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 2020-010**

Subject: Special Education Cluster (IDEA) - Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-127-PN01, 19611-127-PN01, 45717-127-PN01, 45715-158-PN01, 19619-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit as it relates to internal controls. The prior audit finding number was 2018-007.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation failed to maintain records and monitor actual time spent providing services to the participating nonpublic schools within their district. The salaries reported as expended for non-public schools were based upon an estimate instead of actual time spent. A minimum amount of program funds that is to be expended at the participating nonpublic schools is identified in the grant budgets prior to the start of each grant. The School Corporation expended \$3,815 less, in total, for the four grants that were finalized during the audit period.

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). . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed. . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance the grant agreement and the earmarking requirements.

MADISON CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking 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 2020-011**

Subject: Special Education Cluster (IDEA) - Period of Performance

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-127-PN01, 19611-127-PN01,  
45717-127-PN01, 45715-158-PN01,  
19619-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2018-007.

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

Expenditures charged to the grant program recorded as accounting adjustments were not properly reviewed by management. Supporting documentation of the initial expenditure entries should have been reviewed to determine if those expenditures related to accounting adjustments fell within the period of performance for each grant.

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

MADISON CONSOLIDATED SCHOOLS  
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). . . ."

*Cause*

Management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also have allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of effective internal controls, including segregation of duties, related to the grant agreement and the Period of Performance compliance requirement.

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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

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Larry Henry  
Jay Roney  
David Storie  
Lori Slygh



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*Building the Future*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-001***

Fiscal year in which the finding initially occurred:2016-2018

Status of Audit Finding:

There were procedures updated to ensure all documents ran from the payroll system will include all transactions. Two reports have been processed each time we run the claim docket to verify all employees are included.

*Danica Houye*

1/4/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-002***

Fiscal year in which the finding initially occurred:2016-2018

Status of Audit Finding:

We have had personnel changes in payroll and food service within the last year. We are working on implementing procedures to have all custodians paid from the program complete a time card indicating the hours worked for the program year-round. All hourly employees paid out of the program should complete a time card indicating the hours worked. The time cards are or will be examined and approved by signature by their supervisor (cafeteria manager).

*Danica Houye*

5/6/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-003***

Fiscal year in which the finding initially occurred:2014-2016

Status of Audit Finding:

We had a change in personnel due to the Nutrition and Wellness Coordinator leaving the district. We are continuing to work on our process to ensure compliance. Our current plan is for the Food Service Coordinator and the accounting clerk to work together to have proper segregation of duties. The Food Service Coordinator and the accounting clerk work together to maintain an effective internal control system in compliance with the grant agreement and the program income compliance requirement.

The monthly program income spreadsheet that is created by Food Service Coordinator is reviewed and signed off by the Accounting Clerk prior to submission to the Treasurer. We are continuing to work on procedures for reconciliation of the prepaid meal funds. We are working to create written procedures for verification of collections remitted by ECA treasurers.

*Danica Houye*

5/6/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-004***

Fiscal year in which the finding initially occurred:2014-2016

Status of Audit Finding:

The Food Service Coordinator and the accounting clerk are working together to allow proper segregation of duties and internal control to ensure compliance to comply with the grant agreement and the reporting compliance requirements.

The food service coordinator prepares verification summary reports with the number of applications and students approved for free or reduced meals. The accounting clerk or another school employee reviews and approves the verification summary report.

The Food Service Coordinator prepares the annual financial report. The accounting clerk reviews and approves the annual financial report.

Due to a change in personnel we are continuing to work on our procedures to ensure all compliances are met.

*Danica Houye*

5/4/2021

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*Building the Future*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-005***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The food service coordinator processes and determines eligibility of applications with review and approval from the accounting clerk. Verification is completed by the food service coordinator and reviewed by the accounting clerk. The eligibility for meal benefits is determined by gross income from the meal application.

*Danica Houye*

1/4/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-006***

Fiscal year in which the finding initially occurred: 2014-2016

Status of Audit Finding:

The school corporation adopted a policy on procurement, suspension, and debarment on December 14, 2016. We are continuing to work on our internal procedures for procurement, suspension and debarment. We plan to have the food service coordinator document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing. The Deputy Treasurer will then verify before payment is made.

*Danica Houye*

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-007***

Fiscal year in which the finding initially occurred: 2014-2016

Status of Audit Finding:

Expenditures reports kept with each reimbursement request with detail to ensure that all activities were allowed. The cash reimbursements are reviewed and prepared by two separate individuals with supporting documentation to ensure all reimbursements requested have occurred and were during the period of performance. The maintenance of effort calculations are prepared by the Treasurer and reviewed by the Director of Student Services to ensure the calculation is completed properly. We are working on a procedure to ensure earmarking is completed.

*Danica Houye*

5/6/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-008***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

We are continuing to work on our procedures to get proper time and effort logs by all employees paid partially from the Federal Special Education Grants. All time and effort logs will be reviewed by their supervisors and the treasurer. All employees paid 100% by the Federal Special Education Grants have a semiannual certification completed and signed by their supervisors to be kept on file by the Treasurer.

*Danica Houye*

5/6/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-009***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

When completing the Special Education December 1 count all supporting documentation will be maintained with the final report that is submitted to the DOE. This documentation will be reviewed and signed on the final report kept on file.

*Danica Houye*

5/6/21

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-010***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

We are continuing to work on our procedures to ensure this compliance is met. We plan to keep supporting documentation that is used to determine Eligibility for Title I. The Title I Compliance Specialist will verify the information for accuracy and keep documentation of the review.

*Danica Houye*

5/6/2021

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*Building the Future*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-011***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

Procurement, suspension, and debarment procedures were implemented for all purchases made with federal funds. Documentation is maintained to meet the requirements of the three different methods of procurement.

*Danica Houye*

1/4/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-012***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

We have had personnel changes and we are continuing to create and work on our procedures to comply with the statute. Procedures and internal controls are continuing to be worked on for the allowable cost/cost principles compliance requirement, documentation for employees being paid from Title I, and approval of payroll adjustments for Title I transactions.

*Danica Houye*

5/6/2021

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## *Building the Future*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2018-013***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

We are continuing to work on our procedures for ensuring proof that our transactions were within the period of performance. We are continuing to work on procedures for assessment system security. Internal controls have been established to ensure private schools' amounts are monitored for appropriate activities within their expenditures.

*Danica Houye*

5/6/2021



## *Building the Future*

### CORRECTIVE ACTION PLAN

**General View of Responsible Official:** In reference to the repeat findings from the prior audit period; the prior audit report was issued on July 8, 2019, which was in the middle the current audit period ending June 30, 2020. Therefore, it was impossible to correct the prior year audit findings for half of the audit period.

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

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & HR  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Treasurer will prepare the SEFA with accurate information and the Director of Finance will review and sign off on the SEFA. Documentation will be kept to ensure evidence of preparation, review, and approval of the SEFA.

Anticipated Completion Date: 8/1/2021

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

Contact Person Responsible for Corrective Action: Judy Brooks, Food Service Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We are no longer paying an administrator partially from the federal grant, this stopped at end of 2018-2019 school year. All hourly employees paid out of the program will complete a time card indicating the hours worked. Payroll will ensure accounts are distributed per time cards. Semiannual certifications will be filled out by salaried employees fully paid out of Child Nutrition Federal Grant.

The Food Service Coordinator and the payroll and compliance clerk will work together to maintain an effective internal control system in compliance with the grant agreement and the program income compliance requirement.

The monthly program income spreadsheet that is created by the food service Coordinator will be reviewed and signed off by the payroll and compliance clerk prior to submission to the Treasurer.

Utilities charged to the program will be based on the indirect cost rate, and will be reported on the annual report as indirect costs.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-003**

Contact Person Responsible for Corrective Action: Judy Brooks, Food Service Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Internal control procedures for grant eligibility will be created to ensure compliance is met. Two employees will verify direct certification.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-004**

Contact Person Responsible for Corrective Action: Judy Brooks, Food Service Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Food Service Coordinator will follow our procurement procedures for all purchases. Food Service Coordinator will document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing also vendors used through the Wilson Center. The Deputy Treasurer will verify procurement and suspension and debarment documentation is on file before payment is made.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-005**

Contact Person Responsible for Corrective Action: Judy Brooks, Food Service Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Food Service Coordinator will calculate the meal price using the correct information. The payroll and compliance clerk will review the worksheet for accuracy and approve. They will work together to allow proper segregation of duties and internal controls to ensure paid lunch equity is compliant to the requirements.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-006**

Contact Person Responsible for Corrective Action: Darla Mahoney, Title I Specialist  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from Title I. All time and effort logs will be reviewed by the Title I Specialist. The payroll department will distribute the payroll accounts according to the logs kept by employees. All employees paid 100% by Title I will complete a semiannual certification and approved by the supervisor or the Title I Compliance Specialist to be maintained by the Treasurer. All future payroll adjustments will be reviewed and approved by a second person to ensure accuracy and approval. This documentation will also be maintained.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-007**

Contact Person Responsible for Corrective Action: Darla Mahoney, Title I Specialist  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Supporting documentation will be kept that is used to determine Eligibility for Title I. The Title I Compliance Specialist will verify the information for accuracy and keep documentation of the review.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-08**

Contact Person Responsible for Corrective Action: Darla Mahoney, Title I Specialist  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The high school will create procedures for tracking enrollments, removals, transfers, expulsion, and graduation numbers. The High School principal will review and approve at least twice a year. The Testing Coordinator will create procedures to ensure all assessment security is in place and monitored with proper documentation kept.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-009**

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance and Human Resources  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from the Federal Special Education Grants. All time and effort logs will be reviewed by the Director of Special Education. Payroll department will distribute funds each payroll per the time and effort logs. All employees paid 100% by the Federal Special Education Grants will have a semiannual certification completed and signed by their supervisors to be kept on file by the Treasurer.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-010**

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance and Human Resources

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Going forward all non-public expenditures will have account numbers with a project # of 600 to identify that they are non-public expenses. Time and Effort logs will be kept by employees working with non-public students. Logs will be submitted to the payroll department, then accounts will be distributed to match time actually spent with the non-public time spent per the time and effort logs. Expenditures reports will be given to the Assistant Director of Student Services to ensure the non-public funds are being spent.

Anticipated Completion Date: 8/1/2021

**FINDING 2020-011**

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance and Human Resources

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Internal controls will be implemented to ensure period of performance is checked on payroll adjustments. Payroll adjustments will be printed with explanation and the Part B Grant Administrator will review and sign off on adjustments.

Anticipated Completion Date: 8/1/2021

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

## 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/>.