

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CONCORD COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/06/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-27
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	30-38
Corrective Action Plan	39-45
Other Reports.....	46

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Susan Oakley Laurie J. Gregory	07-01-18 to 01-31-19 02-01-19 to 06-30-21
Superintendent of Schools	John D. Trout Timothy W. Tahara Dr. Denise D. Seger (interim) Daniel W. Funston	07-01-18 to 05-01-19 05-02-19 to 12-31-19 01-01-20 to 06-30-20 07-01-20 to 06-30-21
President of the School Board	Tim A. Yoder Kami E. Wait	07-01-18 to 12-31-18 01-01-19 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 CONCORD COMMUNITY SCHOOLS, ELKHART 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 Concord Community 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 June 3, 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.

Concord Community 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

June 3, 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 CONCORD COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Concord Community 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. Except as discussed below, 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 Special Education Cluster (IDEA)

As described in item 2020-006 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 Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles. 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)

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2020-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. 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 Special Education Cluster (IDEA)

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Special Education Cluster (IDEA) for the period of July 1, 2018 to June 30, 2020.

Qualified Opinion on Child Nutrition Cluster

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

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs 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 2020-003 and 2020-007. 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.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, 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, and 2020-007, 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.

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated June 3, 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
Paul D. Joyce, CPA
State Examiner

June 3, 2021

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.

CONCORD COMMUNITY 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	Total Federal Awards Expended 06-30-19	Total Federal Awards Expended 06-30-20
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program					
School Breakfast FY 2018-2019	Indiana Department of Education	10.553	FY 2018-2019	\$ 497,956	\$ -
School Breakfast FY 2019-2020			FY 2019-2020	-	327,149
				<u>497,956</u>	<u>327,149</u>
COVID-19 - School Breakfast Program					
	Indiana Department of Education	10.553	FY 2019-2020	-	29,089
				<u>-</u>	<u>29,089</u>
Total - School Breakfast Program				<u>497,956</u>	<u>356,238</u>
National School Lunch Program					
Indiana Department of Education					
10.555					
School Lunch FY 2018-2019			FY 2018-2019	1,644,192	-
School Lunch FY 2019-2020			FY 2019-2020	-	1,088,524
School Snack FY 2018-2019			FY 2018-2019	8,366	-
School Snack FY 2019-2020			FY 2019-2020	-	9,565
Commodities			FY 2018-2019	232,281	-
Commodities			FY 2019-2020	-	227,958
				<u>1,884,839</u>	<u>1,326,047</u>
Sub-total - National School Lunch Program					
				<u>1,884,839</u>	<u>1,419,886</u>
COVID-19 - National School Lunch Program					
	Indiana Department of Education	10.555	FY 2019-2020	-	93,839
				<u>-</u>	<u>93,839</u>
Total - National School Lunch Program				<u>1,884,839</u>	<u>1,419,886</u>
Summer Food Service Program for Children					
Indiana Department of Education					
10.559					
Summer Food Service			FY 2018-2019	15,401	-
Summer Food Service			FY 2019-2020	-	22,253
				<u>15,401</u>	<u>22,253</u>
COVID-19 - Summer Food Service Program for Children					
	Indiana Department of Education	10.559	FY 2019-2020	-	646,222
				<u>-</u>	<u>646,222</u>
Total - Summer Food Service Program for Children				<u>15,401</u>	<u>668,475</u>
Total - Child Nutrition Cluster				<u>2,398,196</u>	<u>2,444,599</u>
Total - Department of Agriculture				<u>2,398,196</u>	<u>2,444,599</u>
Department of Education					
Special Education Cluster (IDEA)					
Special Education - Grants to States					
Indiana Department of Education					
84.027					
Special Ed Part B FY 2017			14217-022-PN01	148,405	-
Special Ed Part B FY 2018			18611-014-PN01	927,033	16,374
Special Ed Part B FY 2019			19611-014-PN01	915,547	454,563
Special Ed Part B FY 2020			20611-014-PN01	-	626,616
				<u>1,990,985</u>	<u>1,097,553</u>
Total - Special Education - Grants to States					
				<u>1,990,985</u>	<u>1,097,553</u>
Special Education - Preschool Grants					
Indiana Department of Education					
84.173					
Spec Ed Preschool FY18			18619-014-PN01	45,803	-
Spec Ed Preschool FY19			19619-014-PN01	46,860	-
Spec Ed Preschool FY20			20619-014-PN01	-	46,642
				<u>92,663</u>	<u>46,642</u>
Total - Special Education - Preschool Grants					
				<u>92,663</u>	<u>46,642</u>
Total - Special Education Cluster (IDEA)				<u>2,083,648</u>	<u>1,144,195</u>

CONCORD COMMUNITY 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	Total Federal Awards Expended 06-30-19	Total Federal Awards Expended 06-30-20
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I FY 2018			S010A170014	303,848	-
Title I FY 2019			S010A180014	511,258	245,352
Title I SIG FY 18			S010A170014	28,752	-
Title I FY 2020			S010A190014	-	503,774
Title I Delinquent 2019-2020			S010A190014	-	11,056
Total - Title I Grants to Local Educational Agencies				<u>843,858</u>	<u>760,182</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III Limited English FY 2017			01117-018-PN01	8,138	-
Title III Limited English FY 2018			01118-017-PN01	81,739	44,529
Title III Limited English 2018-2020			S365A180014	-	22,096
Title III Immigrant Influx 2018-2020			S365A180014	-	11,203
Title III Limited English 2019-2021			S365A190014	-	84,483
Total - English Language Acquisition State Grants				<u>89,877</u>	<u>162,311</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II Part A FY 2016-2018			S367A160013	93,690	-
Title II Part A FY 2017-2019			S367A170013	123,538	18,525
Title II Part A 2018-2020			S367A180013	95,430	38,126
Title II Part A 2019-2021			S367A190013	-	18,216
Total - Supporting Effective Instruction State Grants				<u>312,658</u>	<u>74,867</u>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV Part A 2018-2019			S424A180015	-	47,388
Title IV Part A 2019-2020			S424A190015	-	14,954
Total - Student Support and Academic Enrichment Program				<u>-</u>	<u>62,342</u>
Total - Department of Education				<u>3,330,041</u>	<u>2,203,897</u>
Department of Health and Human Services					
Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education	93.778			
Medicaid Reimbursements for IEP Services FY 2019			FY 2018-2019	52,693	-
Medicaid Reimbursements for IEP Services FY 2020			FY 2019-2020	-	32,649
Medicaid Administrative Claiming FY 2019			FY 2018-2019	43,581	-
Medicaid Administrative Claiming FY 2020			FY 2019-2020	-	32,225
Total - Medical Assistance Program				<u>96,274</u>	<u>64,874</u>
Total - Medicaid Cluster				<u>96,274</u>	<u>64,874</u>
Total - Department of Health and Human Services				<u>96,274</u>	<u>64,874</u>
Total federal awards expended				<u>\$ 5,824,511</u>	<u>\$ 4,713,370</u>

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

CONCORD COMMUNITY 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.

Note 3. Special Education Cooperative

The School Corporation is a member of the Elkhart County Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

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

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

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

FINDING 2020-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-002.

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).

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation failed to properly review the federal grant information entered into Gateway prior to submission. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

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

1. The Title I Grants to Local Educational Agencies expenditures were overstated by \$190,860.
2. Other errors included incorrect program names and identifying numbers.

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. . . ."

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 . . ."

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.
- (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. The SEFA contained the errors identified in the *Condition and Context*.

CONCORD COMMUNITY 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-002

Subject: Child Nutrition Cluster - Eligibility, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

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 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 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 Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Eligibility

A list of students that qualified for free and reduced-price meals through direct certification was downloaded from the Department of Education website and imported into the school lunch program. However, there was no documented internal controls in place to ensure the information was uploaded on a timely basis.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Eligibility verifications performed as part of the Verification Summary Reports were performed by one individual. There was no documented internal control in place to ensure that eligibility determinations were accurate.

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

CONCORD COMMUNITY 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 and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls related to the grant agreement and the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

CONCORD COMMUNITY 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.

The School Corporation paid two vendors out of the School Lunch fund for garbage removal and workers' compensation. The total amount paid to these vendors was \$44,846. Supporting documentation was not presented for audit to determine how the direct costs applied. Due to the lack of documentation, we were unable to determine if the amounts paid were for allowable expenditures and thus were considered questioned costs.

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 allowable 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. . . ."

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 provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

Known questioned costs of \$44,846 were identified in the *Condition and Context*.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure that documentation will be maintained and made available for audit related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2020-004

Subject: 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, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

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 2018-005.

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain price or rate quotes for purchases of goods or services exceeding \$10,000 from an adequate number of sources, which fell under the small purchase procedures. Nor did the School Corporation document the rationale for the method of procurement.

In addition, vendor contracts were not entered into for purchases above \$50,000 as required by state statute. As a result, vendors subject to contracts were not verified for suspension and debarment to ensure vendors were not suspended or debarred from participation in federal award programs.

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

CONCORD COMMUNITY 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 200.320 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 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 had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with 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: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
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): S010A170014, S010A180014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Prior to May 2019, there were no internal controls to ensure that documentation regarding the reason for a student leaving the high school cohort graduation rate for mobility reasons was accurately prepared and reviewed.

The lack of internal controls was a systemic issue that occurred in fiscal year 2018-2019.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

CONCORD COMMUNITY 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 grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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: Special Education Cluster (IDEA) - Activities Allowed
or Unallowed, 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): 14217-022-PN01, 18611-014-PN01,
19611-014-PN01, 20611-014-PN01,
18619-014-PN01, 19619-014-PN01,
20619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

CONCORD COMMUNITY 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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The School Corporation was a member of the Elkhart County Special Education Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Cooperative provided special education services to its participating member school corporations and billed each school on expenditures paid with cooperative funds during the audit period. The total amount billed to each school exceeded the grant allocation; therefore, member schools paid the cooperative bills with local, state, and federal funds. The Cooperative accounted for all expenditures in a single fund which did not account for each of the funding sources or identify expenditures by federal program, award numbers, or years.

The Cooperative was not able to provide records that would support the activities performed by the employees whose salaries were charged in whole or in part to the grant or for transfers made from grant funds. Due to the lack of documentation for two transfers, approximately 13 percent of expenditures, we were unable to determine if the expenses associated with the transfers were for activities and costs allowable to the federal program. The transfers were considered questioned costs.

The lack of internal controls, noncompliance, and failure to maintain adequate supporting documentation of program costs 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: . . .

(g) Be adequately documented. . . ."

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.430(i) states in part:

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

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

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance, maintenance, and availability of supporting documentation with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system and retain and provide appropriate supporting documentation for transfers prevented the determination of the School Corporation's compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

Known questioned costs of \$2,256,865 were identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-007

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 14217-022-PN01, 18611-014-PN01,
19611-014-PN01, 20611-014-PN01,
18619-014-PN01, 19619-014-PN01,
20619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a member of the Elkhart County Special Education Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the procurement of small purchases or ensure that applicable vendors who received federal funds were not suspended or debarred from participation in federal award programs for those contracts procured by the Cooperative.

Procurement - Small Purchases

The Cooperative did not obtain an adequate number of price or rate quotes to ensure full and open competition for procurements under the small purchase threshold. Of the 11 vendors sampled that fell under the small purchases threshold, 5 did not have proper procurement procedures in place.

Suspension and Debarment

The Cooperative entered into contracts during the audit period but did not perform procedures to ensure compliance with requirements regarding verification that these vendors were not suspended or debarred from participation in federal programs.

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:

CONCORD COMMUNITY 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). . . ."

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."

2CFR 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 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

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

Effect

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

Questioned Costs

There were no questioned costs identified.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish effective internal controls to ensure compliance and comply 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.

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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.



CONCORD COMMUNITY SCHOOLS

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Mr. Dan Funston, Superintendent
Mr. Scott Kovatch, Assistant Superintendent

12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

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

Status of Audit Finding:

An internal monitoring system for controls was established in May/June 2018 whereby more than one employee oversees and approves Journal Entries, Payroll Disbursement Process, Self-Insurance Fund Transactions, and Receipts.

Journal Entries:

The Corporation Treasurer initiates journal entries. Chief Financial Officer approves journal entries by initialing paperwork. Corporation Treasurer then enters journal entry into financial system. Month end financial reports that include these results are created by Corporation Treasurer, then approved by Chief Financial Officer, then approved by School Board.

Self-Insurance Fund Transactions:

The self-insurance fund has been established in the new financial software instead of being maintained on an excel spreadsheet. The employee and employer transactions are automatically generated from the payroll processing. Accounts Payable then processes the claims. Third party insurance payments are posted through the journal entry process. Month end reconciliation will be completed by the Corporation Treasurer and/or Accounting Supervisor and approved by the Chief Financial Officer. Then the Claims are approved by the School Board. This new fund is also included on the month end financial reports created by Corporation Treasurer, approved by Chief Financial Officer, then approved by School Board.

Prepaid School Lunch Fund:

Transfers to the lunch account are now being recorded as a disbursement by the Accounting Supervisor and approved by the Corporation Treasurer and/or Chief Financial Officer instead of as a negative receipt.

Payroll Disbursement Process:

Payroll Coordinator initiates the processing of payroll. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable then processes the claims. Then the Payroll Summary Report and claims are approved by School Board.



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12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

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

Status of Audit Finding:

The School Corporation has a system of internal controls in place to prevent, or detect and correct, errors on the SEFA and Gateway entries.

SEFA

An internal monitoring system is being established whereby more than one employee will oversee and approve the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which is a financial reporting system used to compile the School Corporation's SEFA. Before the August 2021 submission by the Corporation Treasurer (or assignee), a hard copy will be printed and reviewed/approved by CFO.

Laurie Gregory, Corporation Treasurer



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

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

Status of Audit Finding:

An internal monitoring system for controls has been established to ensure compliance with requirements related to the grant agreement and the Cash Management, Reporting, Eligibility and Equipment and Real Property Management, Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions-Paid Lunch Equity compliance requirements.

Cash Management

The School Corporation checks the cash balance each month to ensure the cash balance was within the three-month expenditure average guideline. The School Board then signs off on monthly financials.

Eligibility

Controls are in place to ensure that the income guidelines used to determine eligibility by the software application are accurate after each annual update.

Equipment

Policies and procedures are in place to ensure that proper equipment purchasing records are maintained in accordance with 2 CFR 200.313.

Reporting

The School Food Authority (SFA) Verification Collection Reports are prepared by the Director of Food Services. We are implementing a second step to have hard copy reports reviewed by another designated employee for documentation back-up. The Annual Financial Reports are prepared by the Accounting Supervisor and before submission, a hard copy will be reviewed/approved by Corporation Treasurer or Chief Financial Officer.

Special Tests and Provisions

Eligibility verifications and paid lunch equity calculation are prepared and reviewed by the Director of Food Services and another designated employee.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-004

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

Status of Audit Finding:

An internal monitoring system for controls has been established to ensure that only allowable activities and allowable costs are charged to the appropriate funds with proper documentation.

Segregation of Duties and Controls

A Food Service designated employee approves payroll disbursements, and then gives to Payroll Coordinator to initiate the processing of payroll. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. The School Board then approves the payroll summary report and accounts payable claims.

A Food Service designated employee will approve vendor disbursements, and then will give to Corporation Treasurer and/or Chief Financial Officer for approval. After approval, Accounts Payable processes the claims and School Board approves the claims.

Internal Controls

The Food Service Director will obtain prior approval from the Indiana Department of Education for equipment and remodel projects in order to be an allowable use of the grant funds.

A designated employee for items will obtain quotes and/or bids from vendors over the Federal guideline threshold as required.



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12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-005

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

Status of Audit Finding:

An internal monitoring system for controls has been established for the segregation of duties and to ensure proper purchasing requirements are met, relating to the grant agreement.

Internal Controls

The Food Service Director will obtain prior approval from the Indiana Department of Education for equipment and remodel projects in order to be an allowable use of the grant funds.

A designated employee will obtain quotes and/or bids from vendors over the Federal guideline threshold as required.



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12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-006

Fiscal year in which the finding initially occurred: 2016

Status of Audit Findings:

An internal monitoring system for controls has been established to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching, Level of Effort, Earmarking compliance requirements.

Segregation of Duties and Controls

A Special Education designated employee approves payroll disbursements, and then gives to Payroll Coordinator to initiate the processing of payroll. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. The School Board then approves the payroll summary report and accounts payable claims.

Matching, Level of Effort, Earmarking

An internal monitoring system for controls has been established whereby more than one employee oversees and approves the maintenance of effort reporting.



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12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-007

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

Status of Audit Finding:

An internal monitoring system for controls has been established to ensure compliance with requirements related to the grant requirements related to the grant agreement and Reporting compliance requirement.

Reporting

Our school corporation completed certain reports and forwarded on to the Elkhart County Special Education Cooperative to file together with all member schools. We now request the final reports from The Elkhart County Special Education Cooperative that are required to be filed by the Cooperative and keep on file for our audit records.



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Mr. Dan Funston, Superintendent
Mr. Scott Kovatch, Assistant Superintendent

12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-008

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

Status of Audit Finding:

An internal monitoring system for controls has been established to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions-Annual Report Card, High School Graduation Rate compliance requirements.

Segregation of Duties and Controls

The Grant Coordinator and/or Director of Education approves all payroll distributions and vendor claims, approved disbursements to Payroll Coordinator and/or Accounts Payable Coordinator to initiate the processing of payroll or claims. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. The Payroll Summary Report and claims are then approved by School Board.

Special Test and Provisions – Annual Report Card – High School Graduation Rate

An additional designated employee ensures that documentation regarding the reason for a student leaving the high school cohort graduation rate for mobility reasons is prepared. We are implementing a review process by which the Principal of the High School will review all cohort withdrawals and sign as verification. Then the paperwork will be turned over to and retained by the Education Center Data Manager.



CONCORD COMMUNITY SCHOOLS

59040 Minuteman Way, Elkhart, IN 46517
Phone: 574-875-5161 | Fax: 574-875-8762
Website: www.concord.k12.in.us

Mr. Dan Funston, Superintendent
Mr. Scott Kovatch, Assistant Superintendent

12/30/20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-009

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

Status of Audit Finding:

An internal monitoring system for controls has been established for the segregation of duties and to ensure proper purchasing requirements are met, relating to the grant agreement.

Procurement

Quotes and/or bids are obtained from vendors by a designated employee for items over the Federal guideline threshold as required.



CORRECTIVE ACTION PLAN

Finding 2020-001

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: When the SEFA was prepared, there was a secondary reviewer, however, that additional review was not documented. Procedures will be put in place to require a documented second review when the SEFA is created and presented for audit.

Anticipated Completion Date: June 30, 2021



Finding 2020-002

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: Procedures will be put into place to require a documented second review when it is necessary for the list of students who are eligible for free and reduced-price lunches through direct certification is downloaded from the Department of Education website and imported into the student lunch software program to insure that the information is uploaded on a timely basis.

When eligibility verifications are necessary, procedures will be put into place to require a documented second review to ensure that eligibility determinations are accurate.

Anticipated Completion Date: June 30, 2022



Finding 2020-003

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: This finding has been corrected. When vendors are paid from the Food Service Fund, procedures will be put into place to document the amounts of costs allowable to the Food Service Fund.

Anticipated Completion Date: September 30, 2021



Finding 2020-004

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: When purchases are made that meet the requirement for small purchases procurement, procedures will be put into place to either get the required number of quotes from qualified sources, or, if necessary, to enter into contracts for purchasing. Additionally, procedures will be established to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Anticipated Completion Date: September 30, 2021



Finding 2020-005

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: Corrective actions are currently in place to provide a documented secondary review over mobility.

Anticipated Completion Date: Complete as of June 3, 2021



Finding 2020-006

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: Concord Community Schools will work with responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to establish controls to ensure that charges to federal awards for salaries and wages are based on records that accurately reflect the work performed. Since the work performed takes place under ECSEC supervision, and is outside of the direct control of Concord Community Schools, procedures will be implemented for ECSEC representatives to provide assurances that proper documentation is maintained for the compensated activities. In addition, Concord Community Schools will work with the responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to ensure any transfers made have supporting documentation.

Anticipated Completion Date: December 31, 2021



Finding 2020-007

Contact Person Responsible for Corrective Action: Jim Evans
Contact Phone Number: (574) 875-5161

Views of Responsible Official: We concur with the finding

Corrective Action Plan: Concord Community Schools will work with responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to establish controls to ensure that procedures are in place to ensure that an adequate number of price or rate quotes are obtained during the procurement process to meet the small purchases threshold.

Procedures will be put into place to ensure compliance with requirements to verify that small purchase vendors were not suspended or debarred from participation in federal programs.

Anticipated completion date: December 31, 2021

OTHER REPORTS

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