

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VIGO COUNTY SCHOOL CORPORATION

VIGO COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/12/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Financial Officer	Bruce Perry Donna Wilson	07-01-18 to 06-30-20 07-01-20 to 06-30-21
Superintendent of Schools	Dr. Robert A. Haworth	07-01-18 to 06-30-21
President of the School Board	Jackie Lower Joseph Irwin III Jackie Lower	01-08-18 to 01-05-20 01-06-20 to 01-10-21 01-11-21 to 06-30-21



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

TO: THE OFFICIALS OF THE VIGO COUNTY SCHOOL CORPORATION, VIGO 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 Vigo County School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated June 8, 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.

Vigo County School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 8, 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 VIGO COUNTY SCHOOL CORPORATION, VIGO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Vigo County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title I Grants to Local Educational Agencies

As described in item 2020-005 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate. 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)

Qualified Opinion on 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 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.

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 2020-002, 2020-004, 2020-006, 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.

Report on Internal Control over Compliance

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

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

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


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, and 2020-008, 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 June 8, 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

June 8, 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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VIGO COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Lunch Fund 080			18-19	\$ -	\$ 1,415,054	\$ -	\$ -
School Lunch Fund 080			19-20	-	-	-	947,065
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Lunch Fund 080			19-20	-	-	-	70,624
Total - School Breakfast Program				-	1,415,054	-	1,017,689
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Fund 080			18-19	-	3,999,088	-	-
School Lunch Fund 080			19-20	-	-	-	2,623,300
Commodities			18-19, 19-20	-	590,859	-	527,218
Sub-total - National School Lunch Program				-	4,589,947	-	3,150,518
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Fund 080			19-20	-	-	-	199,117
Total - National School Lunch Program				-	4,589,947	-	3,349,635
Summer Food Service Program for Children	Indiana Department of Education	10.559					
School Lunch Fund 080			18-19	-	69,287	-	-
School Lunch Fund 080			19-20	-	-	-	57,859
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559					
School Lunch Fund 080			19-20	-	-	-	897,709
Total - Summer Food Service Program for Children				-	69,287	-	955,568
Total - Child Nutrition Cluster				-	6,074,288	-	5,322,892
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582					
School Lunch Fund 080			18-19	-	42,188	-	-
School Lunch Fund 080			19-20	-	-	-	11,701
Total - Department of Agriculture				-	6,116,476	-	5,334,593
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education FY 2017 Federal Part B 611 Grant			14217-006-PN01	-	610,487	-	-
Special Education FY 2018 Federal Part B 611 Grant			18611-006-PN01	-	786,215	-	-
Special Education FY 2018 Federal Part B 611 Grant			18611-145-PN01	-	-	-	540,554
Special Education FY 2019 Federal Part B 611 Grant			19611-006-PN01	-	2,242,795	-	744,985
Special Education FY 2020 Federal Part B 611 Grant			20611-006-PN01	-	-	-	2,407,150
Total - Special Education Grants to States				-	3,639,497	-	3,692,689

VIGO COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education FY 2018 Federal Part B 619 Grant			18619-006-PN01	-	25,905	-	-
Special Education FY 2018 Federal Part B 619 Grant			18619-145-PN01	-	-	-	41,776
Special Education FY 2019 Federal Part B 619 Grant			19619-006-PN01	-	131,361	-	53,247
Special Education FY 2017 Federal Part B 619 Grant			45717-006-PN01	-	60,235	-	-
Total - Special Education Preschool Grants				-	217,501	-	95,023
Total - Special Education Cluster (IDEA)				-	3,856,998	-	3,787,712
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education Fund 550.9			AE9-128	-	-	-	26,300
Adult Education Fund 550.8			AE8-128	-	119,364	-	39,648
Adult Education Fund 550.7			AE7-128	-	138,455	-	-
Total - Adult Education - Basic Grants to States				-	257,819	-	65,948
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Fund 410.7			S010A170014	-	999,290	-	-
Title I Part D Fund 415.7			S010A160014	-	221,535	-	-
Title I Part D Fund 415.8			S010A170014/S010A180014	-	262,774	-	-
Title I Part D Fund 415.8			S010A180014	-	-	-	312,742
Title I Fund 410.8			S010A170014/S010A180014	-	3,411,363	-	-
Title I School Improvement Fund 412.8			S010A170014	-	51,381	-	-
Title I Fund 410.8			S010A180014	-	-	-	884,171
Title I School Improvement Fund 412.9			S010A170014/S010A180014	-	-	-	15,424
Title I Fund 410.9			S010A180014/S010A190014	-	-	-	3,242,177
Title I Part D Fund 415.9			S010A180014/S010A190014	-	-	-	306,264
Total - Title I Grants to Local Educational Agencies				-	4,946,343	-	4,760,778
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
Perkins Grant Fund 621.8			V048A180014	-	124,737	-	115,350
Perkins Grant Fund 621.7			V048A170014	-	124,085	-	-
Perkins Grant Fund 621.9			V048A190014	-	-	-	26,416
CTE Summer Expansion Grant Fund 623.8			V048A170014	-	13,457	-	-
Total - Career and Technical Education - Basic Grants to States				-	262,279	-	141,766
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney Vento Grant Fund 596.7			S196A170015	-	17,648	-	-
McKinney Vento Grant Fund 596.8			S196A180015	-	25,802	-	13,333
McKinney Vento Grant Fund 596.9			S196A190015	-	-	-	29,167
Total - Education for Homeless Children and Youth				-	43,450	-	42,500
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st Century 669.7			S287C160014	-	87,512	-	-
21st Century 669.8			S287C170014	-	194,626	-	33,556
21st Century 660.9			S287C180014	-	-	-	159,662
Total - Twenty-First Century Community Learning Centers				-	282,138	-	193,218

VIGO COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
English Language Acquisition State Grants Title III Fund 689.7 Title III Fund 689.8 Title III Fund 689.9	Indiana Department of Education	84.365	S365A160014 S365A170014 S365A180014	- - -	19,588 8,534 -	- - -	- 7,340 14,090
Total - English Language Acquisition State Grants				-	28,122	-	21,430
Mathematics and Science Partnerships Math/Science - Core2Connect Grant Fund 593.6	Indiana Department of Education	84.366	S366B160015	-	36,708	-	35,499
Supporting Effective Instruction State Grants Title II Fund 591.7 650.7 695.7 Title II Fund 684.8 Title II Fund 684.9	Indiana Department of Education	84.367	FFY 2016 FFY2017 FY2018	- - -	237,327 301,398 -	- - -	- 229,278 116,649
Total - Supporting Effective Instruction State Grants				-	538,725	-	345,927
School Improvement Grants Title I School Improvement Fund 411.7	Indiana Department of Education	84.377	S377A140015/S377A150015	-	106,273	-	-
Student Support and Academic Enrichment Program Title IV Part A 581.9 Title IV Part A 581.8	Indiana Department of Education	84.424	S424A180015 S424A170015	- -	- 56,417	- -	103,877 25,514
Total - Student Support and Academic Enrichment Program				-	56,417	-	129,391
Total - Department of Education				-	10,415,272	-	9,524,169
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program IEP Services IEP Services Medicaid Administrative Claiming (MAC) Medicaid Administrative Claiming (MAC)	Indiana Family and Social Services Administration Indiana Family and Social Services Administration Indiana Department of Education Indiana Department of Education	93.778	18-19 19-20 18-19 19-20	- - - -	177,394 - 8,522 -	- - - -	- 52,722 - 7,210
Total - Medical Assistance Program				-	185,916	-	59,932
Total - Medicaid Cluster				-	185,916	-	59,932
Substance Abuse and Mental Health Services Projects of Regional and National Significance Project Aware 18 Project Aware 19	Indiana Department of Education	93.243	1879SM080975 1979SM080975	- -	53,958 -	- -	460,267 293,665
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	53,958	-	753,932
Total - Department of Health and Human Services				-	239,874	-	813,864
Total federal awards expended				\$ -	\$ 16,771,622	\$ -	\$ 15,672,626

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

VIGO COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2019 and 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of the Covered Bridge Special Education District (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.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Finding

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 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 federal award information was entered into Gateway without an internal control process in place to prevent, or detect and correct, errors on the SEFA before submission.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

1. The Commodities for the National School Lunch Program were understated for fiscal years 2018-2019 and 2019-2020 by \$560,451 and \$524,554, respectively.
2. The Substance Abuse and Mental Health Services Projects of Regional and National Significance grant was omitted, which understated expenditures for 2018-2019 and 2019-2020 by \$53,958 and \$753,932, respectively.
3. Several additional grants had individually immaterial errors that resulted in a net overstatement of expenditures of \$93,795 in 2018-2019, and an understatement of \$60,374 in 2019-2020.

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 . . ."

VIGO COUNTY SCHOOL CORPORATION
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.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-002

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,
National School Lunch Program, COVID-19 - National School
Lunch Program, Summer Food Service Program for Children,
COVID-19 - Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): 18-19, 19-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Program Income
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 the requirements related to the grant agreement and the compliance requirements listed above.

The School Corporation paid trash removal services from the School Lunch fund without a methodology or supporting documentation for the amount charged. Without a reasonable methodology for the expenses paid, the amount was considered a questioned cost. The total amount charged to the School Lunch fund was \$87,627.

The lack of internal controls and noncompliance were systemic issues that 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). . . ."

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(a) states in part:

". . . 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. . . ."

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 200.307(e)(2) states in part:

"*Addition.* With prior approval of the Federal awarding agency . . . program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award."

Cause

Management had not established a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

Effect

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

Questioned Costs

Questioned costs of \$87,627 were identified for the audit period, as detailed in the *Condition and Context*.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

Views of Responsible Officials

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

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-003

Subject: Child Nutrition Cluster - Suspension and Debarment,
Special Tests and Provisions - Paid Lunch Equity
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): 18-19, 19-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment, Special
Tests and Provisions - Paid Lunch Equity
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 compliance requirements listed above.

Suspension and Debarment

One employee verified that vendors that did not require a bid, to ensure the vendors were not suspended or debarred from participation in federal programs, without a proper system of oversight or review.

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

Special Tests and Provisions - Paid Lunch Equity

The Paid Lunch Exemption Form for the 2018-2019 school year was prepared without a proper system of oversight or review.

The lack of internal controls was isolated to the 2018-2019 school year.

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). . . ."

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not established a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

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 listed above.

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 Procurement and Suspension and Debarment and Special Tests and Provisions - Paid Lunch Equity 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 2020-004

Subject: Title I Grants to Local Educational Agencies - Earmarking

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, S010A160014,
S010A180014, S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

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 compliance requirement listed above.

The School Corporation did not meet earmarking requirements for the Parental Involvement or the Homeless Reservation set-asides. Based on the documentation provided for the Parental Involvement set-aside, the School Corporation expended \$754 and \$4,110 less than required for the 2018-2019 and 2019-2020 school years, respectively. Additionally, based on the documentation provided for the Homeless Reservation set-aside, the School Corporation expended \$6,030 less than required for the 2019-2020 fiscal year.

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

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

20 USC 6318(a)(3) states in part:

"(A) In general. Each local educational agency shall reserve at least 1 percent of its allocation under subpart 2 to assist schools to carry out the activities described in this section, except that this subparagraph shall not apply if 1 percent of such agency's allocation under subpart 2 for the fiscal year for which the determination is made is \$5,000 or less. Nothing in this subparagraph shall be construed to limit local educational agencies from reserving more than 1 percent of its allocation under subpart 2 to assist schools to carry out activities described in this section. . . ."

(D) Use of Funds. Funds reserved under subparagraph (A) by a local educational agency shall be used to carry out activities and strategies consistent with the local educational agency's parent and family engagement policy, including not less than 1 of the following:

- (i) Supporting schools and nonprofit organizations in providing professional development for local educational agency and school personnel regarding parent and family engagement strategies, which may be provided jointly to teachers, principals, other school leaders, specialized instructional support personnel, paraprofessionals, early childhood educators, and parents and family members.
- (ii) Supporting programs that reach parents and family members at home, in the community, and at school.
- (iii) Disseminating information on best practices focused on parent and family engagement, especially best practices for increasing the engagement of economically disadvantaged parents and family members.
- (iv) Collaborating, or providing subgrants to schools to enable such schools to collaborate, with community-based or other organizations or employers with a record of success in improving and increasing parent and family engagement.
- (v) Engaging in any other activities and strategies that the local educational agency determines are appropriate and consistent with such agency's parent and family engagement policy."

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 6313(c)(3) states in part:

"(A) In General. A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and
- (iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs. . . .

(C) Homeless children and youths. Funds reserved under subparagraph (A)(i) may be— . . .

- (ii) used to provide homeless children and youths with services not ordinarily provided to other students under this part, including providing—
 - (I) funding for the liaison designated pursuant to section 11432(g)(1)(J)(ii) of title 42; and
 - (II) transportation pursuant to section 11432(g)(1)(J)(iii) of such title."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the grant agreement and the compliance requirement listed above.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the earmarking requirements 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 an internal control system to ensure compliance, and comply with the grant agreement and 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.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-005

Subject: Title I Grants to Local Educational Agencies - Special
Tests and Provisions - 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, S010A160014,
S010A180014, S010A190014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report
Card, High School Graduation Rate
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

The School Corporation did not have effective internal controls in place to ensure the correct reporting requirements for the High School Graduation Rate were being followed and that documentation was retained for audit.

Of the 15 students tested, 2 were incorrectly reported as 'Dropout' on May 30, 2019. These students had original graduation dates of 2019; however, they did not graduate until the 2019-2020 school year. They were automatically listed as 'Dropout' when they did not successfully graduate at the anticipated time.

Of the 15 students tested, documentation was not presented for 5 students that were removed from the high school graduation rate for mobility reasons. There were 4 of these students that attended McLean Alternative School and 1 student attended the Vigo Virtual Success Academy.

The lack of internal controls, noncompliance, and failure to maintain adequate supporting documentation 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). . . ."

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 7801(23)(B) states:

"To remove a student from a cohort, a school or local educational agency shall require documentation, or obtain documentation from the State educational agency, to confirm that the student has transferred out, emigrated to another country, or transferred to a prison or juvenile facility, or is deceased."

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 compliance requirement listed above.

Effect

The failure to establish an effective internal control system and maintain adequate supporting documentation enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement listed above 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 an effective system of internal controls and maintain adequate supporting documentation to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Annual Report Cards, 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.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-006

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): 18611-145-PN01, 18619-145-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
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 compliance requirement listed above.

The School Corporation was a member of the Covered Bridge Special Education District (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. 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 earmarking requirements.

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the earmarking requirements for non-public proportionate share. The Cooperative did not have adequate procedures in place to ensure that the proportionate share of funds was expended for special education and related services to non-public schools. Expenditures for non-public schools were 21 percent below the minimum required amount for the School Corporation.

The lack of internal controls and noncompliance was isolated to the 18611-145-PN01 and 18619-145-PN01 grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, 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 or facilities 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 with the grant agreement and the Matching, Level of Effort, Earmarking 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 earmarking requirements 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 effective internal controls to ensure compliance and comply with the grant agreement and 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 2020-007

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): 18611-145-PN01, 18619-145-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
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 compliance requirement listed above.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was a member of the Covered Bridge Special Education District (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. 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 period of performance requirements.

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the period of performance requirements. The Cooperative did not have adequate procedures in place to ensure that costs recorded during the latter part of, and after, the period of performance were actually incurred within the period of performance. Three of the eleven disbursements tested were incurred after the end of the period of performance.

The lack of internal controls and noncompliance was isolated to the 18611-145-PN01 and 18619-145-PN01 grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.77 states:

"Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§ 200.210 Information contained in a Federal award paragraph (a)(5) and 200.331 Requirements for pass-through entities, paragraph (a)(1)(iv))."

2 CFR 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

Cause

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

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the period of performance requirements 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 effective internal controls to ensure compliance and comply with 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.

FINDING 2020-008

Subject: Special Education Cluster (IDEA) - Procurement

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): 18611-145-PN01, 18619-145-PN01,
19611-006-PN01, 19619-006-PN01,
20611-006-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding related to procurement from the immediately prior audit report. The prior audit finding number was 2018-006.

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 compliance requirement listed above.

The School Corporation was a member of the Covered Bridge Special Education District (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. 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 requirements.

VIGO COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the procurement requirements. The Cooperative designed internal controls to document purchases and ensure that the correct procurement method was used; however, the internal controls were not properly implemented.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (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 to ensure compliance with the grant agreement and the compliance requirement listed above.

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 listed above.

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 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.

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-001

Fiscal year in which the finding initially occurred: 2018

Status of Auditing Finding: Resolved

On a monthly basis, the school corporation bookkeeper prepares and initials all bank reconcilements and presents them to the Chief Financial Officer (CFO) or Deputy Treasurer for review. Upon completion of the review, the CFO or Deputy Treasurer initials each bank reconciliation and returns the statements and records to the bookkeeper to support the internal control process that has been established.

May 18, 2021

Summary Schedule of Prior Audit Findings

Finding 2018-002

Fiscal year in which the finding initially occurred: 2015-2016

A new system and software has been purchased and used for Food Service. It allows the Food Service office to electronically track prepaid funds as well as a new negative balance procedure implemented. The prepaid balance is rectified each month with the Administration Finance department. The questioned cost of \$43,745 was transferred from the Operation Fund to the prepaid Food Service account in September of 2019.

Status of Audit Finding: Completed

Finding 2018-003

Fiscal year in which the finding initially occurred: 2016-2017 and 2017-2018

The Food Service Management established internal controls to assure compliance. The Verification Summary Report is now prepared and submitted by the Free and Reduced coordinator and signed by the coordinator. It is also reviewed, approved and signed by the Director to ensure that the information is complete and accurate. The Annual Financial Report is prepared and submitted by the Financial Operations Manager and signed by the manager. It is also reviewed, approved and signed by the Director to ensure that the information is complete and accurate.

Status of Audit Finding: Completed

Finding 2018-004

Fiscal year in which the finding initially occurred: 2016-2017 and 2017-2018

Status of Audit Finding: Not completed, SAM.gov was completed for 18-19 but not verified. 19-20 the Suspension and Disbarment clause was added into the vendor contract.

Finding 2018-005

Fiscal year in which the finding initially occurred: 2016-2017 and 2017-2018

A new system and software has been purchased and is now being used for the Food Service program. All daily sales activity is now captured at the POS and is available at the Food Service Office electronically. Controls are in place at each level for security. Cafeteria managers verify daily reports and deposits. Daily reports are then approved and signed by the IT coordinator and the Financial Operations Manager. Deposit receipts are verified by the Financial Operations Manager and with the Administration Finance Office. An online system for deposits has also been established for prepayments and is verified by Financial Operations Manager and Administration Finance Office.

Status of Audit Finding: Completed

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2018-006

Fiscal year in which the finding initially occurred: 2018

Status of Auditing Finding: Partially Corrected

The Cooperative now maintains a list of commonly purchased items and vendors that have the best prices for those items. They also utilize the Vigo County School Corporation stockroom as much as possible to reduce costs. An internal spreadsheet to log purchase orders has been created. Three quotes are obtained on purchases over \$3,500 with historical quote information logged on the spreadsheet for reference.

Resolution of the internal control issues involving procurement had not been resolved during the current audit period.

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Donna Wilson, CFO

Contact Phone Number: 812-462-4314

Views of Responsible Official:

School Corporation personnel will address and correct SEFA reporting errors.

Description of Corrective Action Plan:

Business Office personnel will work closely with Food Service and Curriculum team members to ensure proper classification and reporting of all grant activity. In that effort, we will request all grant documentation to determine all funding sources prior to establishment of all grant funds as proper placement within the corporation's chart of accounts is dependent on the original funding source.

Anticipated Completion Date: July 30, 2021

CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Donna Wilson, CFO

Contact Phone Number: 812-462-4314

Views of Responsible Official:

The School Corporation will appropriately charge the School Lunch fund for trash removal in the future.

Description of Corrective Action Plan:

The Business Office will put forth a formal recommendation on the prorated portion of the trash removal contract that will be charged to the School Lunch fund. The recommendation will be approved by the Food Services Director and the School Corporation Superintendent.

Anticipated Completion Date: July 1, 2021

CORRECTIVE ACTION PLAN

FINDING 2020-003

Contact Person Responsible for Corrective Action: Tom Lentes, Food Services Director
Contact Phone Number: 812-462-4245

Views of Responsible Official:

The School Corporation will address and correct this finding.

Description of Corrective Action Plan:

School Corporation administration will provide the appropriate oversight and review of the Suspension and Debarment and Paid Lunch Equity provisions of grant requirements. Special effort will be made to ensure that procedures and reporting will be reviewed by the appropriate personnel to ensure compliance.

Anticipated Completion Date: Immediate

CORRECTIVE ACTION PLAN

FINDING 2020-004

Contact Person Responsible for Corrective Action: Christi Fenton, Director of Elementary Education & Title I

Contact Phone Number: 812-462-4228

Views of Responsible Official:

School Corporation personnel will address issues relating to the Matching, Level of Effort, Earmarking compliance requirement.

Description of Corrective Action Plan:

The School Corporation Administration will pay particular attention to earmarking requirements for Parental Involvement and Homeless from the Title I grant. More emphasis will be placed on the use of these funds in the future.

Anticipated Completion Date: Immediate

CORRECTIVE ACTION PLAN

FINDING 2020-005

Contact Person Responsible for Corrective Action: Christi Fenton, Director of Elementary Education & Title I

Contact Phone Number: 812-462-4228

Views of Responsible Official:

The School Corporation will address and correct this finding.

Description of Corrective Action Plan:

A system will be put in place that ensures compliance with the Special Tests and Provisions-Annual Report Card, High School Graduation Rate requirements. Records will be retained for audit so that appropriate documentation is available to substantiate all future reporting. Additionally, specific attention will be focused on original versus actual graduation dates to prevent inappropriate classification of students for graduation rate reporting.

Anticipated Completion Date: Immediate

CORRECTIVE ACTION PLAN

FINDING 2020-006

Contact Person Responsible for Corrective Action: Donna Wilson, CFO

Contact Phone Number: 812-462-4314

Views of Responsible Official:

The School Corporation will work with Covered Bridge Special Education District to address the audit finding.

Description of Corrective Action Plan:

School Corporation personnel will work with the Covered Bridge administrative team to establish procedures to ensure compliance with Earmarking requirements. Proper notification of grant allocations to non-public schools will be made at the inception of the grant period and efforts will be made to ensure that the non-public schools are given adequate time to expend their grant allocations.

Anticipated Completion Date: Immediate

CORRECTIVE ACTION PLAN

FINDING 2020-007

Contact Person Responsible for Corrective Action: Donna Wilson, CFO

Contact Phone Number: 812-462-4314

Views of Responsible Official:

The School Corporation will work with Covered Bridge Special Education District to address the audit finding.

Description of Corrective Action Plan:

School Corporation personnel will work with the Covered Bridge administrative team to establish procedures to ensure compliance with the Period of Performance requirement. Clear communication of grant beginning and ending dates will be conveyed to those responsible for grant expenditures and activity performance dates and purchasing cut-off dates will be put in place to ensure that costs are incurred and charged within the proper grant periods.

Anticipated Completion Date: Immediate

CORRECTIVE ACTION PLAN

FINDING 2020-008

Contact Person Responsible for Corrective Action: Donna Wilson, CFO

Contact Phone Number: 812-462-4314

Views of Responsible Official:

The School Corporation will work with Covered Bridge Special Education District to address the audit finding.

Description of Corrective Action Plan:

School District personnel will work with the Covered Bridge administrative team to develop procedures to ensure that the Cooperative complies with the procurement and suspension and debarment requirements.

Anticipated Completion Date: July 1, 2021

OTHER REPORTS

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