

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

BARTHOLOMEW CONSOLIDATED
SCHOOL CORPORATION
BARTHOLOMEW COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/23/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Chad Phillips	07-01-18 to 12-31-21
Superintendent of Schools	Dr. Jim Roberts	07-01-18 to 06-30-21
President of the School Board	Jeff Caldwell Dr. Jill Shedd Jeff Caldwell Dr. Jill Shedd	07-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-21



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

TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED SCHOOL
CORPORATION, BARTHOLOMEW 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 Bartholomew Consolidated 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 14, 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.

Bartholomew Consolidated 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 14, 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 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020.

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)

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 item 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance finding 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.

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 and 2020-003, 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 14, 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 14, 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.

BARTHOLOMEW CONSOLIDATED 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 Breakfast			2018-19	\$ -	\$ 778,094	\$ -	\$ -
School Breakfast			2019-20	-	-	-	564,012
				<u>-</u>	<u>-</u>	<u>-</u>	<u>564,012</u>
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			2019-20	-	-	-	36,154
				<u>-</u>	<u>-</u>	<u>-</u>	<u>36,154</u>
Total - School Breakfast Program				<u>-</u>	<u>778,094</u>	<u>-</u>	<u>600,166</u>
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			2019-20	-	-	-	1,688,083
Commodities			2019-20	-	-	-	350,234
School Lunch			2018-19	-	2,428,921	-	-
Commodities			2018-19	-	379,781	-	-
Snacks			2019-20	-	-	-	20,315
Snacks			2018-19	-	37,858	-	-
				<u>-</u>	<u>37,858</u>	<u>-</u>	<u>-</u>
Sub-Total - National School Lunch Program				<u>-</u>	<u>2,846,560</u>	<u>-</u>	<u>2,058,632</u>
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			2019-20	-	-	-	106,718
Snacks			2019-20	-	-	-	1,129
				<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129</u>
Total - National School Lunch Program				<u>-</u>	<u>2,846,560</u>	<u>-</u>	<u>2,166,479</u>
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Program			2019-20	-	-	-	87,858
Summer Program			2018-19	-	86,147	-	-
				<u>-</u>	<u>86,147</u>	<u>-</u>	<u>-</u>
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Program			2019-20	-	-	-	589,482
				<u>-</u>	<u>-</u>	<u>-</u>	<u>589,482</u>
Total - Summer Food Service Program for Children				<u>-</u>	<u>86,147</u>	<u>-</u>	<u>677,340</u>
Total - Child Nutrition Cluster				<u>-</u>	<u>3,710,801</u>	<u>-</u>	<u>3,443,985</u>
Total - Department of Agriculture				<u>-</u>	<u>3,710,801</u>	<u>-</u>	<u>3,443,985</u>

BARTHOLOMEW CONSOLIDATED 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
Department of Labor							
WIOA Cluster							
WIOA Dislocated Worker Formula Grants C4 Work Ethic	Indiana Department of Workforce Development	17.278	AA-28315-16-55-A-18	-	14,720	-	7,178
Total - WIOA Dislocated Worker Formula Grants				-	14,720	-	7,178
Total - WIOA Cluster				-	14,720	-	7,178
Total - Department of Labor				-	14,720	-	7,178
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
IDEA Part B FY17	Indiana Department of Education	84.027	14217-003-PN01	-	104,415	-	-
IDEA Part B FY18			18611-003-PN01	-	915,523	-	17,760
IDEA Part B FY19			19611-003-PN01	-	1,595,780	-	1,171,508
IDEA Part B FY20			20611-003-PN01	-	-	-	2,098,082
Total - Special Education Grants to States				-	2,615,718	-	3,287,350
Special Education Preschool Grants							
IDEA PTB Preschool FY18	Indiana Department of Education	84.173	18619-003-PN01	-	68,417	-	-
IDEA PTB Preschool FY20			20619-003-PN01	-	-	-	58,316
IDEA PTB Preschool FY17			45717-003-PN01	-	2,962	-	-
IDEA PTB Preschool FY19			19619-003-PN01	-	112,020	-	3,129
Total - Special Education Preschool Grants				-	183,399	-	61,445
Total - Special Education Cluster (IDEA)				-	2,799,117	-	3,348,795
Adult Education - Basic Grants to States							
Adult Ed 17-18	Indiana Department of Education	84.002	AE-7-38	-	60,493	-	-
Adult Ed 18-19			AE-8-38	-	273,116	-	12,586
Adult Ed 19-20			AE-9-38	-	-	-	38,464
Total - Adult Education - Basic Grants to States				-	333,609	-	51,050
Title I State Agency Program for Neglected and Delinquent Children and Youth							
Title I Part D 17-18	Indiana Department of Education	84.013	S010A150014	-	418	-	-
Title I Part D 18-19			S010A180014	-	15,546	-	5,034
Title I Part D 19-20			S010A190014	-	-	-	13,454
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	15,964	-	18,488

BARTHOLOMEW CONSOLIDATED 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
School Improvement Grants Title I SIG 18	Indiana Department of Education	84.377	S010A170014	-	21,480	-	-
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I A 17-18			S010A170014	-	488,633	-	-
Title I A 18-19			S010A180014	-	1,453,644	-	498,182
Title I A 19-20			S010A190014	-	-	-	1,218,321
Total - Title I Grants to Local Educational Agencies				-	1,942,277	-	1,716,503
Impact Aid	Direct Grant	84.041					
Impact Aid			SO41A-2017-6513	-	2,890	-	-
Impact Aid			SO41A-2019-6513	-	211,627	-	9,627
Impact Aid			SO41A-2018-6513	-	-	-	9,107
Impact Aid			SO41A-2020-6513	-	-	-	211,627
Total - Impact Aid				-	214,517	-	230,361
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
Perkins 17-18			18-4700-0365	-	12,450	-	-
Perkins 19-20			20-0512-0365	-	-	-	213,506
Perkins CTE 18			A58-818CI-5059	-	100,000	-	-
PERKINS 2018-19 SY			18-4700-4345	-	229,130	-	-
PERKINS 2018-19 SY			18-4700-4345	-	-	-	114,312
CTE Summer Expansion Grant 2018			18A-4700-365	-	7,495	-	-
Total - Career and Technical Education - Basic Grants to States				-	349,075	-	327,818
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney-Vento 17-18			7000S196A160015	-	20,025	-	-
McKinney-Vento 18-19			7000S196A160015	-	31,330	-	23,637
Total - Education for Homeless Children and Youth				-	51,355	-	23,637
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
i-Care 19-20			S2872180014	-	-	-	185,282
i-Care 17-18			S287C150014	-	97,057	-	-
i-Care 18-19			S287C150014	-	239,290	-	60,711
Total - Twenty-First Century Community Learning Centers				-	336,347	-	245,993

BARTHOLOMEW CONSOLIDATED 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	Indiana Department of Education	84.365					
Title III 16-18			0117-212-PN01	-	7,568	-	-
Title III Influx Grant 2017			01117-003-FLUX	-	571	-	-
Title III 17-19			01118-203-PN01	-	58,272	-	971
Title III 18-20			01119-203-PN01	-	115,742	-	41,408
Title III 19-21			01120-203	-	-	-	100,628
Total - English Language Acquisition State Grants				-	182,153	-	143,007
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II A 17-19			S367A160013	-	157,014	-	-
Title II A 19-21			S367A180013	-	-	-	157,988
Title II A 20-22			S367A190013	-	-	-	2,387
Title II A 18-20			S367A170013	-	167,233	-	153,009
Total - Supporting Effective Instruction State Grants				-	324,247	-	313,384
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A 17-19			S424A170015	-	70,927	-	12,031
Title IV Part A 18-20			S424A180015	-	11,933	-	78,597
Title IV Part A 19-21			S424A190015	-	-	-	13,957
Total - Student Support and Academic Enrichment Program				-	82,860	-	104,585
Total - Department of Education				-	6,653,001	-	6,523,621
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medical Assistance Program MAC 18-19			FY 2018-19	-	32,794	-	-
Medical Assistance Program MAC 19-20			FY 2019-20	-	-	-	36,327
Medical Assistance Program IEP 18-19	Family and Social Services Administration		FY 2018-19	-	154,436	-	-
Medical Assistance Program IEP 19-20			FY 2019-20	-	-	-	94,107
Total - Medical Assistance Program				-	187,230	-	130,434
Total - Medicaid Cluster				-	187,230	-	130,434
Opioid STR	Indiana Department of Education	93.788					
21st Century CURES Grant			11H79TI081689-01	-	71,993	-	-
Total - Department of Health and Human Services				-	259,223	-	130,434
Total federal awards expended				\$ -	\$ 10,637,745	\$ -	\$ 10,105,218

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

BARTHOLOMEW CONSOLIDATED 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.

BARTHOLOMEW CONSOLIDATED 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>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2020-001

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

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation established internal controls that all gross payroll disbursements would be approved by the Treasurer and all disbursements would be included on the accounts payable docket reports submitted to the School Board for their review and approval. These internal controls were ineffective as the following exceptions were noted:

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Individual employee gross payroll was not approved by the Treasurer for the audit period.
- Numerous disbursements from the Payroll Clearing fund and various other funds were not included on the accounts payable docket reports submitted to the School Board for review and approval from July 2019 through June 2020.
- Several transfers, including transfers between funds and journal entries which transferred funds, were not included on the accounts payable docket reports submitted to the School Board for review and approval, nor was there evidence of the School Board approval noted in the School Board minutes. Additionally, supporting documentation for the transfers between funds did not always include adequate details as to the reason for the transfers.

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

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

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- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Cause

Management had not established a proper system of internal controls to ensure that all gross pay disbursements were approved by the Treasurer, and that all disbursements were included on the accounts payable docket reports and submitted to the School Board for their review and approval.

Effect

The failure to establish a system of internal controls enabled material noncompliance to remain undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-002

Subject: Child Nutrition Cluster - Internal Controls
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): 2018-19, 2019-20
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Program Income, 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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

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Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income

The School Corporation had not established internal controls, which would include segregation of duties, related to payroll. The School Corporation did not have an oversight or review process in place to ensure that the payroll charged to the grant was for the use or benefit of the food service authority or a proper use of program income.

Cash Management

The School Corporation had not established internal controls, which would include segregation of duties, that would have ensured that the balance in the School Lunch fund, which represented the net cash resources, did not exceed three months average expenditures.

Eligibility

The School Corporation had not established internal controls, which would include segregation of duties, related to entering student information into the School Corporation's school lunch software. Manual applications prepared by parents were entered into the school lunch software by one employee without an oversight or review process. Also, one employee was solely responsible for uploading the direct certification list into the School Corporation's school lunch software without an oversight or review process in place to ensure that the information in the School Corporation's computer system was correct.

Program Income

The School Corporation had not established internal controls, which would include segregation of duties, that would have ensured the proper recording of program income.

Special Tests and Provisions - Paid Lunch Equity

The School Corporation had not established internal controls, which would include segregation of duties, related to the paid lunch equity calculation. One employee was solely responsible for the information entered into the Paid Lunch Equity Calculator without an oversight or review process.

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). . . ."

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(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, to ensure compliance with the grant agreement and comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Program Income, 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 2020-003

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): 2018-19, 2019-20

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 requirements.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation had not established internal controls, which would include segregation of duties, to ensure contracts were awarded for small purchases and purchases that exceed the simplified acquisition threshold. Contracts were not awarded to vendors in which the School Corporation had procurements in excess of \$50,000.

Suspension and Debarment

The School Corporation had not established internal controls, which would include segregation of duties, to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not verify that vendors were not suspended or debarred from participation in federal programs for two vendors for fiscal year 2018-2019 and one vendor for 2019-2020.

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 200.318 states in part:

"(a) 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. . . .

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

2 CFR 200.320 states in part:

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

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

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(Continued)

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . .

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

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

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

Cause

Management 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 a loss of federal funds to the School Corporation.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
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 a system of internal controls, including segregation of duties, to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

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.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

Dr. Jim Roberts
SUPERINTENDENT

Mr. Chad Phillips
Asst Superintendent for
Financial Services
phillipsc@besc.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding:

Controls were implemented per the corrective action plan.

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

Controls have been implemented per the corrective action plan.

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2018

Status of the Audit Finding:

Fund 8400 was created, and controls have been implemented per the corrective action plan.

FINDING 2018-004

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Controls have been implemented per corrective action plan.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
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Dr. Jim Roberts
SUPERINTENDENT

Mr. Chad Phillips
Asst Superintendent for
Financial Services
phillipsc@besc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Chad Phillips
Contact Phone Number: 812-376-4300

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Payroll Specialist will not submit the payroll report for School Board approval until the Treasurer has reviewed and returned it with signature applied.

All disbursements, transfers between funds, and miscellaneous transactions recorded as journal entries will be included on the accounts payable docket reports submitted for School Board approval. The Accounts Payable Specialist and the Director of Accounting will compare a summary report from our financial system to the data presented on the docket reports to ensure that they include all disbursements, transfers and journal entries that took place within the time frame represented.

Anticipated Completion Date: July 19, 2021

FINDING 2020-002

Contact Person Responsible for Corrective Action: Nancy Millsbaugh
Contact Phone Number: 812-376-4462

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Allowable Costs/Cost Principles

The food service personnel coordinator will prepare the food service payroll, payroll specialist will enter payroll. A report will be printed for food service director to review to ensure only allowable payroll was charged to the grant.

Program Income

Program income is prepared by food service financial specialist and reviewed by food service director monthly. Control is already in place.

Food service director will compare payroll report to food service 0800 expenditure report to verify that only allowable payroll was charged to the grant.

Cash Management

A process is already in place to ensure the net cash resources do not exceed the three-month average of School Lunch fund expenditures. The deputy treasurer prepares the report, the report is compared/reviewed by the food service director and the food service financial specialist. After review and comparison a form will be completed to document review, will be signed by food service director and food service financial specialist and this will be filed with the form for future audit review.

Eligibility

Manual applications will be pulled in October and February for review for accuracy. Every 50 applications will be pulled for review and a list of these applications will be retained for further audit reviews. Food Service personnel coordinator will review the forms for accuracy as this position is not directly involved in entering applications.

Direct Certification will be run in July, October and January by the PC/Integration specialist. A selection of students will be checked for accuracy in the school lunch software system by the food service director. A list of these students will be kept on file for future audit review.

Special Tests and Provisions-Paid Lunch Equity

Food Service financial specialist will prepare the information to be included in the Paid Lunch Equity Calculator and after review, the food service director will enter the information into the calculator. Documentation will be included to show this was reviewed and kept on file for future audit review.

Anticipated completion Date: 8/1/2021

FINDING 2020-003

Contact Person Responsible for Corrective Action: Nancy Millspaugh
Contact Phone Number: 812-376-4462

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Procurement

For any vendor \$50,000+ for food service, the food service director will see that a contract is provided.

Suspension and Debarment

To verify that vendors are not suspended or debarred from participation in federal programs, the food service director will check the SAM Exclusions or collect a certification from the vendor or add a clause or condition to the covered transaction with the vendor. This process will then be verified by the food service financial specialist and documented for future audit review.

Anticipated completion Date: 8/1/2021

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/>.