

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BROWNSBURG COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED

07/28/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barry Gardner Shane Hacker	07-01-18 to 06-30-19 07-01-19 to 06-30-21
Superintendent of Schools	Dr. James Snapp	07-01-18 to 06-30-21
President of the School Board	Phil Utterback Eric Hylton	07-01-18 to 12-31-19 01-01-20 to 06-30-21



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

Brownsburg Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

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 BROWNSBURG COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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)

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.

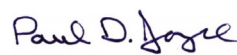
The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY2019	\$ -	\$ 304,040	\$ -	\$ -
School Breakfast			FY2020	-	-	-	225,983
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY2020	-	-	-	73,244
Total - School Breakfast Program				-	304,040	-	299,227
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY2019	-	1,243,403	-	-
School Lunch			FY2020	-	-	-	904,580
Commodities			FY2019	-	276,952	-	-
Commodities			FY2020	-	-	-	277,173
Sub-Total - National School Lunch Program				-	1,520,355	-	1,181,753
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY2020	-	-	-	172,576
Total - National School Lunch Program				-	1,520,355	-	1,354,329
Total - Child Nutrition Cluster				-	1,824,395	-	1,653,556
Total - Department of Agriculture				-	1,824,395	-	1,653,556
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
IDEA Part B FY 16 611			H027A160084	-	5,660	-	-
IDEA Part B FY 17 611			H027A170084	-	505,799	-	-
IDEA Part B FY 18 611			H027A180084	-	1,124,274	-	527,316
IDEA Part B FY 19 611			H027A190084	-	-	-	1,161,067
Total - Special Education_Grants to States				-	1,635,733	-	1,688,383
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Preschool FY16 619			H173A160104	-	697	-	-
Preschool FY17 619			H173A170104	-	4,368	-	-
Preschool FY18 619			H173A180104	-	41,715	-	744
Preschool FY19 619			H173A190104	-	-	-	39,578
Total - Special Education_Preschool Grants				-	46,780	-	40,322
Total - Special Education Cluster (IDEA)				-	1,682,513	-	1,728,705
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I FY16			S010A160014	-	43,042	-	-
Title I FY17			S010A170014	-	177,276	-	7,076

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Title I FY18			S010A180014	-	-	-	368,830
Title I FY19			S010A190014	-	-	-	77,462
Total - Title I Grants to Local Educational Agencies				-	220,318	-	453,368
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 16-18			S365A160014	-	549	-	-
Title III 17-19			S365A170014	-	4,932	-	2,600
Title III 18-20			S365A180014	-	15,934	-	7,032
Title III 19-21			S365A190014	-	-	-	18,974
Total - English Language Acquisition State Grants				-	21,415	-	28,606
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA 16-18			S367A160013	-	37,544	-	-
Title IIA 17-19			S367A170013	-	67,405	-	17,191
Title IIA 18-20			S367A180013	-	31,972	-	71,162
Title IIA 19-21			S367A190013	-	-	-	78,558
Total - Supporting Effective Instruction State Grants				-	136,921	-	166,911
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IVA 18-20			S424A180015	-	12,817	-	1,386
Title IVA 19-21			S424A190015	-	-	-	1,125
Total - Student Support and Academic Enrichment Program				-	12,817	-	2,511
Disaster Recovery Assistance for Education Emerg Aid Homeless Assist Grant	Indiana Department of Education	84.938					
			S938C180023	-	8,750	-	-
Total - Disaster Recovery Assistance for Education				-	8,750	-	-
Total - Department of Education				-	2,082,734	-	2,380,101
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services	93.778					
Medicaid			FY2019	-	121,882	-	-
Medicaid			FY2020	-	-	-	107,419
Indiana MAC			FY2019	-	23,325	-	-
Indiana MAC			FY2020	-	-	-	27,309
Total - Medical Assistance Program				-	145,207	-	134,728
Total - Medicaid Cluster				-	145,207	-	134,728
Total - Department of Health and Human Services				-	145,207	-	134,728
Total federal awards expended				\$ -	\$ 4,052,336	\$ -	\$ 4,168,385

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

BROWNSBURG COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

BROWNSBURG COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Unmodified

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

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

FINDING 2020-001

Subject: Financial Transactions and Reporting
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 had not properly designed and implemented an effective system of internal controls to prevent, or detect and correct, material errors on the financial statement.

The financial statement contained a number of errors and did not accurately reflect the activity of the School Corporation.

1. The Certificates of Deposit and other similar investments were not included in the cash and investment balances.

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

2. The Transfers In and Transfers Out were not recorded consistently throughout the audit period. Bank transfers were included as receipts and disbursements in the financial statement.

In total, the receipts, disbursements, other financing sources and uses, and cash and investment balances were over (under) stated as follows:

Years	Fund	Cash and Investments 07-01-18	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-19
2018-2019	Education	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
2018-2019	Local Rainy Day	2,839,137	2,000,000	-	(839,137)	4,000,000
2018-2019	2017 Lincoln High School	-	-	-	12,500,000	12,500,000
2018-2019	QSCB 2009 Bond Sinking Fund	1,008,762	-	(1,251,616)	(1,135,378)	1,125,000
2018-2019	QSCB 2010 Bond Sinking Fund	1,174,125	-	(1,230,861)	(1,279,986)	1,125,000
	Totals	<u>\$ 5,022,024</u>	<u>\$ 2,000,000</u>	<u>\$ (2,482,477)</u>	<u>\$ 11,245,499</u>	<u>\$ 20,750,000</u>

Years	Fund	Cash and Investments 07-01-19	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-20
2019-2020	Education	\$ 2,000,000	\$ -	\$ -	\$ (2,000,000)	\$ -
2019-2020	Local Rainy Day	4,000,000	-	-	(4,000,000)	-
2019-2020	2017 Lincoln High School	12,500,000	69,069	-	(12,569,069)	-
2019-2020	QSCB 2009 Bond Sinking Fund	1,125,000	(984,018)	(1,325,000)	-	1,465,982
2019-2020	BEF Executive Director	-	47,193	25,092	-	22,101
2019-2020	QSCB 2010 Bond Sinking Fund	1,125,000	(872,930)	(1,375,000)	-	1,627,070
	Totals	<u>\$ 20,750,000</u>	<u>\$ (1,740,686)</u>	<u>\$ (2,674,908)</u>	<u>\$ (18,569,069)</u>	<u>\$ 3,115,153</u>

Audit adjustments were proposed, accepted by management of the School Corporation, and made to the financial statement.

The lack of effective 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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 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 . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established an effective system of internal controls related to financial transactions and reporting.

Effect

The failure to establish an effective system of internal controls enabled material misstatements to remain undetected. The financial statements 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 - Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2019, FY2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

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

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

Free and reduced-price meal eligibility determinations were made by the point-of-sale system without a documented oversight, review, or approval process in place to ensure their accuracy.

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 that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirement 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, related to the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

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

FINDING 2020-003

Subject: Title I Grants to Local Educational Agencies - Eligibility, Level of Effort - Supplement Not Supplant
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): S010A160014, S010A170014,
S010A180014, S010A190014
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility; Matching, Level of Effort, Earmarking
Audit Finding: Material Weakness

Condition and Context

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

Eligibility

The School Corporation had not designed or implemented adequate internal controls over the eligibility requirements of the grant. Real Time student data reports were prepared and submitted to the Indiana Department of Education (IDOE) without a documented oversight, review, or approval process in place to ensure their accuracy. In addition, the Eligible School Summary sections of the grant applications were prepared and submitted to IDOE without a documented oversight, review, or approval process in place.

Level of Effort - Supplement Not Supplant

The School Corporation had not designed or implemented adequate internal controls over the level of effort - supplement not supplant requirements of the grant. There was not a documented oversight, review, or approval process to ensure that state and local funds were allocated to the elementary schools in accordance with the methodology developed by the School Corporation.

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). . . ."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility and Matching, Level of Effort, Earmarking compliance requirements.

Effect

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

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 Eligibility and Matching, Level of Effort, Earmarking 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.



BROWNSBURG COMMUNITY SCHOOL CORPORATION

F.L. O'NEAL ADMINISTRATION CENTER

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Brownsburg, IN 46112
(317) 852-5726
www.brownsburg.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Corrective action was taken.

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Corrective action was taken.

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Corrective action was taken.



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CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Shane Hacker, CFO; Tracy Boss, Deputy Treasurer
Contact Phone Number: 317-852-5726

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: Moving forward, all Certificates of Deposits and other similar investments will be included in the cash and investment balances. We will record transfers in and out consistently throughout the audit period. We will establish an internal control protocol that includes a sign-off on the monthly reports.

Anticipated Completion Date: July 1, 2021

FINDING 2020-002

Contact Person Responsible for Corrective Action: Shane Hacker, CFO; Tracy Boss, Deputy Treasurer; Jordan Ryan, Coordinator for Nutrition Services
Contact Phone Number: 317-852-5726

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: We will work to establish internal controls such that all free and reduced-price meal eligibility determinations made the point of sale system will be reviewed and approved by the designee of the Coordinator for Nutrition Services to ensure accuracy in those reports.

Anticipated Completion Date: July 1, 2021

FINDING 2020-003

Contact Person Responsible for Corrective Action: Shane Hacker, CFO; Tracy Boss, Deputy Treasurer
Contact Phone Number: 317-852-5726

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: We will work to establish internal controls such that all RealTime student data reports that are prepared and submitted to the IDOE, the Eligible School Summary section of the grant applications, and the Level of Effort – Supplement Not Supplant requirements of the grant will

be reviewed and approved by the Direction of Curriculum to ensure the accuracy of the reports. These reports will be signed and dated after review in order to document the process has been followed.

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/>.