

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION

DUBOIS COUNTY, INDIANA

July 1, 2019 to June 30, 2021



**FILED**

05/11/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tracy A. Troesch	07-01-19 to 06-30-22
Superintendent of Schools	Dr. Jamie Pund	07-01-19 to 06-30-22
President of the School Board	Kent Uebelhor	07-01-19 to 06-30-22



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 SOUTHEAST DUBOIS COUNTY  
SCHOOL CORPORATION, DUBOIS 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 Southeast Dubois County School Corporation (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 2, 2022, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 2, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

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

We have audited the Southeast Dubois 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 its major federal program for the period of July 1, 2019 to June 30, 2021. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on the Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2019 to June 30, 2021.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 items 2021-001 and 2021-003. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2021-001, 2021-002, and 2021-003, 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 THE 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, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 2, 2022, 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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 2, 2022

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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.

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-20	Total Federal Awards Expended 06-30-21
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY2020	\$ 20,490	\$ -
School Breakfast Program			FY2021	-	72,447
				<u>20,490</u>	<u>72,447</u>
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY2020	4,028	-
School Breakfast Program			FY2021	-	26,432
				<u>4,028</u>	<u>26,432</u>
Total - School Breakfast Program				<u>24,518</u>	<u>98,879</u>
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY2020	186,981	-
National School Lunch Program			FY2021	-	462,540
Commodities				65,392	77,039
				<u>186,981</u>	<u>462,540</u>
Subtotal - National School Lunch Program				<u>252,373</u>	<u>539,579</u>
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY2020	16,029	-
National School Lunch Program			FY2021	-	153,142
				<u>16,029</u>	<u>153,142</u>
Total - National School Lunch Program				<u>268,402</u>	<u>692,721</u>
Total - Child Nutrition Cluster				<u>292,920</u>	<u>791,600</u>
Total - Department of Agriculture				<u>292,920</u>	<u>791,600</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund	Indiana Bond Bank	21.019	2020	-	407
Education Stabilization				-	-
				<u>-</u>	<u>407</u>
Total - Department of the Treasury				<u>-</u>	<u>407</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States					
Special Education Cluster	Indiana Department of Education	84.027	18611-009-PN01	331	-
Special Education Cluster			19611-009-PN01	156,768	-
Special Education Cluster			20611-009-PN01	123,854	-
Special Education Cluster			20611-009-PN01	-	133,989
Special Education Cluster			21611-009-PN01	-	117,769
				<u>331</u>	<u>133,989</u>
Total - Special Education Grants to States				<u>280,953</u>	<u>251,758</u>
Special Education Preschool Grants					
Special Education Cluster	Indiana Department of Education	84.173	19619-009-PN01	4,179	-
Special Education Cluster			20619-009-PN01	5,986	-
Special Education Cluster			20619-009-PN01	-	3,781
Special Education Cluster			21619-009-PN01	-	8,196
				<u>4,179</u>	<u>8,196</u>
Total - Special Education Preschool Grants				<u>10,165</u>	<u>11,977</u>
Total - Special Education Cluster (IDEA)				<u>291,118</u>	<u>263,735</u>

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-20	Total Federal Awards Expended 06-30-21
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Part A Cluster			S010A180014	8,075	-
Title I Part A Cluster			S010A200014	-	84,163
Title I Part A Cluster			SA10A190014	52,083	6,393
Total - Title I Grants to Local Educational Agencies				<u>60,158</u>	<u>90,556</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Improving Teacher Quality State Grants			S367A190013	23,091	-
Improving Teacher Quality State Grants			S367A200013	-	20,110
Total - Supporting Effective Instruction State Grants				<u>23,091</u>	<u>20,110</u>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV Part A Cluster			S424A200015	-	7,253
Title IV Part A Cluster			S424A180015	3,067	-
Title IV Part A Cluster			S424A190015	10,000	-
Total - Student Support and Academic Enrichment Program				<u>13,067</u>	<u>7,253</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425C			
Governor's Emergency Education Relief Fund			S425C200018	-	16,278
Education Stabilization					
Elementary and Secondary School Emergency Relief Fund	Indiana Department of Education	84.425D			
Education Stabilization			S425D210013	-	25,796
Education Stabilization			S425D200013	-	60,092
Total - COVID-19 - Education Stabilization Fund				<u>-</u>	<u>102,166</u>
Total - Department of Education				<u>387,434</u>	<u>483,820</u>
<b>Department of Health and Human Services</b>					
Medicaid Cluster	Indiana Family and Social Services Administration	93.778			
Medical Assistance Program			IEP	12,449	22,316
IEP Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education	93.778			
IMAC Medicaid Cluster			MAC	8,493	11,647
Total - Medicaid Cluster				<u>20,942</u>	<u>33,963</u>
Total - Department of Health and Human Services				<u>20,942</u>	<u>33,963</u>
Total federal awards expended				<u>\$ 701,296</u>	<u>\$ 1,309,790</u>

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

SOUTHEAST DUBOIS 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, 2020 and 2021. 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. The Exceptional Children's Cooperative**

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). As a result, the 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 presented in the financial statement of the Cooperative's fiscal agent.

SOUTHEAST DUBOIS 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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**

No matters are reportable.

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

**FINDING 2021-001**

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  
 Assistance Listings Numbers: 10.553, 10.555  
 Federal Award Numbers and Years (or Other Identifying Numbers): FY2020, FY2021  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirements: Allowable Costs/Cost Principles, Program Income  
 Audit Findings: Material Weakness, Other Matters

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

*Condition and Context*

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

The School Corporation paid a portion of the salaries for the school building administrative assistants and the School Lunch Director/Data Manager from the School Lunch fund without proper documentation to support the allocation paid.

The administrative assistants' salaries were allocated to the Child Nutrition Cluster based on estimations of time spent on the Child Nutrition programs. The amount allocated was one hour per day for Elementary/Intermediate school administrative assistants and two hours per day for High School administrative assistants. Additionally, about 80 percent of the School Lunch Director/Data Manager's salary was allocated to the Child Nutrition programs.

All transactions related to the unsupported salaries paid from the program were reviewed. In all cases the amount charged was based on a specific number of hours which could not be supported with activity records or other documentation to show the time was a direct cost of the program. The total unsupported salaries paid to the employees was \$27,598. This amount represents the entire amount of the administrative assistants' and School Lunch Director/Data Manager's salaries for the audit period.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . .

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

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

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 developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

*Effect*

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

*Questioned Costs*

The total amount of unsupported salaries paid from the programs during the audit period was \$27,598. This amount was considered questioned costs.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control 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.

**FINDING 2021-002**

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2020, FY2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Audit Finding: Material Weakness

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

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Cash Management*

The School Lunch Director/Data Manager filed monthly meal claims for reimbursement without a review or oversight by other school personnel to ensure their accuracy.

*Eligibility*

Income guidelines were entered into the Harmony student management system by the School Lunch Director/Data Manager without a review or oversight process.

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

Verification was properly completed and filed by the School Lunch Director/Data Manager; however, there was no review or oversight by other school personnel to verify that it was properly completed and timely.

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 control that would have ensured compliance with the grant agreement and the Cash Management, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

SOUTHEAST DUBOIS COUNTY 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 control to ensure compliance with the grant agreement and the Cash Management, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2021-003**

Subject: Child Nutrition Cluster - 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  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2020, FY2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

The School Corporation had not designed or implemented adequate internal controls to ensure that vendors were not suspended, debarred, or otherwise excluded from participation in federal award programs. The School Corporation entered into a contract but did not verify that the vendor was not suspended or debarred.

The lack of internal controls and noncompliance was isolated to the one vendor.

*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). . . ."

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

2 CFR 180.300 states in part:

"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*

The School Corporation's management had not developed a system of internal control 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 system of internal control enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommend that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



## *Southeast Dubois School Corporation*

432 E. 15th Street, Ferdinand, IN 47532

812.817.0900

### CORRECTIVE ACTION PLAN

#### ***FINDING 2021-001***

Contact Person Responsible for Corrective Action: Tracy Troesch

Contact Phone Number: 812-817-0900

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The current Food Service Director has completed a time and effort log for the entire 2021-2022 school year. The administrative assistants/ECA treasurers will start documenting their time spent on school lunch entering receipts, making deposits, entering school lunch account deposits, working the school lunch line, and working delinquent accounts on a time and effort log. The school corporation will pay the administrative assistants/ECA treasurers for the time documented on the time and effort logs from the School Lunch fund.

Anticipated Completion Date: May 2022



## *Southeast Dubois School Corporation*

432 E. 15th Street, Ferdinand, IN 47532

812.817.0900

### ***FINDING 2021-002***

Contact Person Responsible for Corrective Action: Tracy Troesch

Contact Phone Number: 812-817-0900

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Data Manager/Admin Support employee will print the monthly meal claim information from Harmony and do a print screen of the DOE website where she enters the reimbursable meals and email the information to the Business Manager. After reviewing the information, the Business Manager email the Data Manager/Admin Support if the entry is correct to proceed or not. After the Data Manager/Admin Support submits the reimbursement, she will email the Business Manager the claim information to be received from the state. The Data Manager/Admin Support will keep the email thread as documentation of approval. The Business Manager will email the Data Manager/Admin Support a copy of the receipt when the meal reimbursement is received.

Starting for the 2022-2023 school year, the Data Manager/Admin Support employee will enter the income guidelines into the Harmony student management system. The Business Manager will review the income guidelines entered in Harmony and email the Data Manager/Admin Support if the information reviewed is correct or not. Monthly direct certifications done by the Data Manager/Admin Support will be reviewed by the Business Manager and signed both. The Data Manager/Admin Support will keep the approval documentation for audit.

Income verifications will be conducted by the Food Service Director to verify information entered by the Data Manager/Admin Support is correct. The Business Manager will review the verifications. Both the Food Service Director and Business Manager will sign the verification as proof of review and oversight.

Anticipated Completion Date: November 2022



**Southeast Dubois School Corporation**

432 E. 15th Street, Ferdinand, IN 47532

812.817.0900

***FINDING 2021-003***

Contact Person Responsible for Corrective Action: Tracy Troesch

Contact Phone Number: 812-817-0900

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The School Corporation will verify vendors are not suspended, debarred, or otherwise excluded from participation in federal award programs on the SAMS website on a yearly basis, as new vendors are obtained, and before contracts are entered.

Anticipated Completion Date: July 2022

## 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/>.