

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

EDINBURGH COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
05/26/2022

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> | 3-4 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 5-7 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: | |
| Schedule of Expenditures of Federal Awards | 10-11 |
| Notes to Schedule of Expenditures of Federal Awards..... | 12 |
| Schedule of Findings and Questioned Costs..... | 13-15 |
| Auditee-Prepared Documents: | |
| Summary Schedule of Prior Audit Findings..... | 18 |
| Corrective Action Plan | 19 |
| Other Reports..... | 20 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Tamara Lewis | 07-01-19 to 06-30-22 |
| Superintendent of Schools | Dr. Doug Arnold Ron Ross, Jr. | 07-01-19 to 06-30-21 07-01-21 to 06-30-22 |
| President of the School Board | Cathy Hamm Justin Lollar Cathy Hamm Daniel Teter | 07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 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 EDINBURGH COMMUNITY SCHOOL
CORPORATION, JOHNSON 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 Edinburgh Community 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 10, 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 10, 2022



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 EDINBURGH COMMUNITY SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Edinburgh 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, 2019 to June 30, 2021. 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.

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)

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, 2019 to June 30, 2021.

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 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

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 item 2021-001, 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, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 10, 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 10, 2022

(This page intentionally left blank.)

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.

EDINBURGH COMMUNITY 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 | Passed Through to Subrecipient 06-30-20 | Total Federal Awards Expended 06-30-20 | Passed Through to Subrecipient 06-30-21 | 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 | | | FY 19/20 | \$ - | \$ 50,724 | \$ - | \$ - |
| School Breakfast Program | | | FY 20/21 | - | - | - | 89,954 |
| COVID-19 - School Breakfast Program | Indiana Department of Education | 10.553 | | | | | |
| COVID-19 - School Breakfast Program | | | FY 19/20 | - | 16,276 | - | - |
| COVID-19 - School Breakfast Program | | | FY 20/21 | - | - | - | 10,769 |
| Total - School Breakfast Program | | | | - | 67,000 | - | 100,723 |
| National School Lunch Program | | | | | | | |
| School Lunch Program | Indiana Department of Education | 10.555 | | | | | |
| School Lunch Program | | | FY 19/20 | - | 184,877 | - | - |
| School Lunch Program | | | FY 20/21 | - | - | - | 239,804 |
| Commodities | | | | - | 39,839 | - | 47,836 |
| Subtotal - National School Lunch Program | | | | - | 224,716 | - | 287,640 |
| COVID-19 - National School Lunch Program | | | | | | | |
| COVID-19 - National School Lunch Program | Indiana Department of Education | 10.555 | | | | | |
| COVID-19 - National School Lunch Program | | | FY 19/20 | - | 29,608 | - | - |
| COVID-19 - National School Lunch Program | | | FY 20/21 | - | - | - | 25,051 |
| Total - National School Lunch Program | | | | - | 254,324 | - | 312,691 |
| Total - Child Nutrition Cluster | | | | - | 321,324 | - | 413,414 |
| Total - Department of Agriculture | | | | - | 321,324 | - | 413,414 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to States | | | | | | | |
| Indiana Department of Education | 84.027 | | | | | | |
| Earlywood FY2018 Federal Part B 611 | | | 18611-031-PN01 | - | 109 | - | - |
| Earlywood FY2019 Federal Part B 611 | | | 19611-031-PN01 | - | 65,783 | - | 21 |
| Earlywood FY2020 Federal Part B 611 | | | 20611-031-PN01 | - | 179,659 | - | 60,156 |
| Earlywood FY2021 Federal Part B 611 | | | 21611-031-PN01 | - | - | - | 195,188 |
| Total - Special Education Grants to States | | | | - | 245,551 | - | 255,365 |
| Special Education Preschool Grants | | | | | | | |
| Indiana Department of Education | 84.173 | | | | | | |
| Earlywood FY2019 Federal Preschool 619 | | | 19619-031-PN01 | - | 1,805 | - | 1 |
| Earlywood FY2020 Federal Preschool 619 | | | 20619-031-PN01 | - | 4,813 | - | 1,818 |
| Earlywood FY2021 Federal Preschool 619 | | | 21619-031-PN01 | - | - | - | 4,849 |
| Total - Special Education Preschool Grants | | | | - | 6,618 | - | 6,668 |
| Total - Special Education Cluster (IDEA) | | | | - | 252,169 | - | 262,033 |

EDINBURGH COMMUNITY 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 | Passed Through to Subrecipient 06-30-20 | Total Federal Awards Expended 06-30-20 | Passed Through to Subrecipient 06-30-21 | Total Federal Awards Expended 06-30-21 |
|---|-------------------------------------|----------------------------|---|---|--|---|--|
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | | | |
| Title I 18-19 #19-4215 | | | 19-4215 | - | 87,449 | - | - |
| Title I 19-20 #20-4215 | | | 20-4215 | - | 197,975 | - | 49,998 |
| Title I 20-21 #21-4215 | | | 21-4215 | - | - | - | 196,798 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 285,424 | - | 246,796 |
| Supporting Effective Instruction State Grants | Indiana Department of Education | 84.367 | | | | | |
| Title II A 17-19 #17-4215 | | | 17-4215 | - | 3,499 | - | - |
| Title II A 18-20 #18-4215 | | | 18-4215 | - | 6,332 | - | 1,297 |
| Title II A 19-21 #19-4215 | | | 19-4215 | - | 14,611 | - | 24,493 |
| Title II A 20-21 #20-4215 | | | S367A200013 | - | - | - | 21,364 |
| Total - Supporting Effective Instruction State Grants | | | | - | 24,442 | - | 47,154 |
| Student Support and Academic Enrichment Program | Indiana Department of Education | 84.424 | | | | | |
| Title IVA Student Support | | | 19-4215 | - | 3,500 | - | - |
| Title IVA Student Support | | | 20-4215 | - | 12,000 | - | 2,913 |
| Total - Student Support and Academic Enrichment Program | | | | - | 15,500 | - | 2,913 |
| Education Stabilization Fund | Indiana Department of Education | 84.425 | | | | | |
| CARES Educ Stability Relief 18003 | | | 20-4215 | - | 5,884 | - | - |
| ESSER II | | | S425D210013 | - | - | - | 211,118 |
| Total - Education Stabilization Fund | | | | - | 5,884 | - | 211,118 |
| Total - Department of Education | | | | - | 583,419 | - | 770,014 |
| Department of Health and Human Services | | | | | | | |
| Medicaid Cluster | | | | | | | |
| Medical Assistance Program | Indiana Department of Education | 93.778 | | | | | |
| Medicaid Reimbursement | | | FY 20, FY 21 | - | 36,678 | - | 58,868 |
| Total - Medicaid Cluster | | | | - | 36,678 | - | 58,868 |
| Total - Department of Health and Human Services | | | | - | 36,678 | - | 58,868 |
| Total federal awards expended | | | | \$ - | \$ 941,421 | \$ - | \$ 1,242,296 |

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

EDINBURGH 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, 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. Earlywood Educational Services Cooperative

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

EDINBURGH 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? | no |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statement noted? | no |

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

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-001

Subject: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 20611-031-PN01, 19611-031-PN01,
18611-031-PN01, 20619-031-PN01,
19619-031-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition and Context

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

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

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the procurement requirements. The Cooperative did not have adequate procedures in place to ensure that micro purchases were equitably distributed among qualified suppliers or to ensure that price or rate quotations were obtained from an adequate number of qualified sources for small purchases.

The School Corporation did not obtain price or rate quotes for purchases of goods or services exceeding the small purchase threshold from an adequate number of sources for 100 percent of the vendors tested.

The lack of internal controls and noncompliance were isolated to fiscal year 2019-2020.

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). . . ."

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

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(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. . . ."

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 requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



EDINBURGH COMMUNITY SCHOOL CORPORATION

202 South Keeley St.
Edinburgh, IN 46124

Phone: 812-526-2681

<http://www.ecsc.k12.in.us>

Fax: 812-526-0271

Board of School Trustees:

Mr. David Bauman
Mrs. Cathy Hamm
Mr. Curtis Rooks
Mr. Daniel Teter
Mrs. Alice Taulman

Mr. Ron Ross
Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019

Description of Corrective Action Plan:

Business Manager will prepare the SEFA and Deputy Treasurer or another office staff member will review the SEFA for accuracy.

Anticipated Completion Date: Next required completion during 2020-2021 school year.

Status of Audit Finding: Corrective action was taken.

Tamara Lewis
(Signature)

Business Manager
(Title)

March 21, 2022
(Date)



EDINBURGH COMMUNITY SCHOOL CORPORATION

202 South Keeley St.
Edinburgh, IN 46124

Phone: 812-526-2681

<http://www.ecsc.k12.in.us>

Fax: 812-526-0271

Board of School Trustees:

Mr. David Bauman
Mrs. Cathy Hamm
Mr. Curtis Rooks
Mr. Daniel Teter
Mrs. Alice Taulman

Mr. Ron Ross
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2021-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action:

Mr. Ronald Ross
Superintendent
ross@ecsc.k12.in.us

Contact Phone Number: Ph: 812-526-2681

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Earlywood Governing Board adopted the following policies on May 12, 2021.

- a. 734 Cost Principles- Spending Federal Funds
- b. 735 Time And Effort Reporting
- c. 736 Procurement- Federal Grants And Funds

Administrative Guideline 736 was discussed with the Association on June 2, 2021. The guidelines will include internal procedures for documenting relevant purchasing decisions on micro purchases within Skyward, our software used for our business office functions. Additionally, procedures will be included to identify when the accumulation of micro purchases for a particular vendor are approaching the definition of small purchases so that related price quotations may be obtained.

The superintendent of ECSC will carefully review claims before each board meeting. The superintendent will pay close attention to any claims to exceed the small purchase threshold. He will also randomly verify that required price quotations have been attached to claims.

Completion Date: May 10, 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/>.