

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION

RIPLEY COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED

06/22/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lana M. Miller	07-01-19 to 06-30-22
Superintendent of Schools	Robert D. Moorhead	07-01-19 to 06-30-22
President of the School Board	Tim Taylor	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 SOUTH RIPLEY COMMUNITY
SCHOOL CORPORATION, RIPLEY 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 South Ripley 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 9, 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 9, 2022



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 SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2021-001 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Matching, Level of Effort, and Earmarking. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2019 to June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 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 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

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 9, 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 9, 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.

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SOUTH RIPLEY 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					
Cafeteria-School Breakfast Program			FY2020	\$ -	\$ 76,420	\$ -	\$ -
Cafeteria-School Breakfast Program			FY2021	-	-	-	135,390
				-	-	-	-
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
Cafeteria-School Breakfast Program			FY2020	-	69,091	-	6,994
			FY2021	-	-	-	25,202
				-	-	-	-
Total - School Breakfast Program				-	145,511	-	167,586
National School Lunch Program	Indiana Department of Education	10.555					
Cafeteria-National School Lunch Program			FY2020	-	244,928	-	11,127
Cafeteria-National School Lunch Program			FY2021	-	-	-	349,421
Cafeteria-Commodities			FY2020	-	64,313	-	-
Cafeteria-Commodities			FY2021	-	-	-	67,201
				-	-	-	-
Subtotal - National School Lunch Program				-	309,241	-	427,749
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
Cafeteria-National School Lunch Program			FY2020	-	118,943	-	-
			FY2021	-	-	-	97,524
				-	-	-	-
Total - National School Lunch Program				-	428,184	-	525,273
Total - Child Nutrition Cluster				-	573,695	-	692,859
Total - Department of Agriculture				-	573,695	-	692,859

SOUTH RIPLEY 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
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Ripley Ohio Dearborn Special Education Cooperative FY2019 Federal Part B 611 Grant	Indiana Department of Education	84.027	19611-050-PN01	-	177,503	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2020 Federal Part B 611 Grant			20611-050-PN01	-	407,108	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2020 Federal Part B 611 Grant			20611-48-PN01	-	-	-	441
Ripley Ohio Dearborn Special Education Cooperative FY2021 Federal Part B 611 Grant			21611-48-PN01	-	-	-	477,021
Total - Special Education Grants to States				-	584,611	-	477,462
Special Education Preschool Grants							
Ripley Ohio Dearborn Special Education Cooperative FY2019 Preschool 619 Grant	Indiana Department of Education	84.173	19619-50-PN01	-	79	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2020 Preschool 619 Grant			20619-48-PN01	-	194	-	-
Ripley Ohio Dearborn Special Education Cooperative FY2021 Preschool 619 Grant			21619-48-PN01	-	-	-	-
Total - Special Education Preschool Grants				-	273	-	-
Total - Special Education Cluster (IDEA)				-	584,884	-	477,462
Title I Grants to Local Educational Agencies							
Title 1 2018-2019	Indiana Department of Education	84.010	FY2019	-	51,473	-	-
Title 1 2019-2020			FY2020	-	189,012	-	33,621
Title 1 2020-2021			FY2021	-	-	-	249,145
Total - Title I Grants to Local Educational Agencies				-	240,485	-	282,766
Impact Aid							
Impact Aid	Direct Grant	84.041	FY2018	-	1,812	-	-
Impact Aid		84.041	FY2019	-	2,402	-	-
Impact Aid		84.041	FY2020	-	37,304	-	-
Impact Aid		84.041	FY2021	-	-	-	13,342
Total - Impact Aid				-	41,518	-	13,342
Rural Education							
Rural & Low Income School (RLIS)	Indiana Department of Education	84.358	S358B190014	-	5,018	-	17,512

SOUTH RIPLEY 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
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Class Size Reduction			FY2018	-	7,959	-	-
Title II Class Size Reduction			FY2019	-	33,453	-	7,605
Title II Class Size Reduction			FY2020	-	-	-	32,328
Title II-Teacher Leader Bootcamp			FY2020	-	-	-	3,484
<u>Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)</u>				<u>-</u>	<u>41,412</u>	<u>-</u>	<u>43,417</u>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A190015	-	46,703	-	-
Title IV Innovation Grant			S424A190015	-	-	-	30,289
Title IV			S424A200015	-	-	-	13,243
<u>Total - Student Support and Academic Enrichment Program</u>				<u>-</u>	<u>46,703</u>	<u>-</u>	<u>43,532</u>
Education Stabilization Fund CARES-Education Stabilization	Indiana Department of Education	84.425	S425D200013	-	-	-	82,134
<u>Total - Department of Education</u>				<u>-</u>	<u>960,020</u>	<u>-</u>	<u>960,165</u>
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
INMAC			FY2020	-	11,573	-	3,777
INMAC			FY2021	-	-	-	18,064
<u>Total - Medicaid Cluster</u>				<u>-</u>	<u>11,573</u>	<u>-</u>	<u>21,841</u>
<u>Total - Department of Health and Human Services</u>				<u>-</u>	<u>11,573</u>	<u>-</u>	<u>21,841</u>
<u>Total federal awards expended</u>				<u>\$ -</u>	<u>\$ 1,545,288</u>	<u>\$ -</u>	<u>\$ 1,674,865</u>

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

SOUTH RIPLEY 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. Special Education Cooperative

The School Corporation is a member of the Ripley-Ohio-Dearborn (ROD) Special Education Cooperative (Cooperative). As a result, some of 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.

SOUTH RIPLEY 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)	Qualified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-001

Subject: Special Education Cluster (IDEA) - Earmarking
 Federal Agency: Department of Education
 Federal Program: Special Education Grants to States
 Assistance Listings Number: 84.027
 Federal Award Number and Year (or Other Identifying Number): 20611-48-PN01
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Matching, Level of Effort, Earmarking
 Audit Findings: Material Weakness, Modified Opinion

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

Condition and Context

The School Corporation is a member of the Ripley-Ohio-Dearborn Special Education Cooperative (Cooperative). During fiscal year 2020-2021, the Cooperative operated the special education programs and spent the federal money for earmarked expenditures on behalf of all its members. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for nonpublic school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure nonpublic school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 20611-48-PN01 grant award could not be verified for the individual member schools. The nonpublic school share funds for the participating member schools were allocated based on the yearly budget for certified staff instead of time charged to the nonpublic schools. These allocations were the amounts reported to the IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance were isolated to the 20611-48-PN01 grant award.

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(g) Be adequately documented. . . ."

2 CFR 200.208(b) states in part: "The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed, . . ."

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

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

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

The School Corporation's management had not developed an effective system of internal control that would have ensured compliance with the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system, as well as adequately document costs of federal awards, prevented the determination of the School Corporation's compliance with the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective system of internal control, as well as appropriately document and identify federal award expenditures to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

FINDING 2021-002

Subject: Child Nutrition Cluster - Procurement
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 Number and Year (or Other Identifying Number): FY2020
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-002.

SOUTH RIPLEY COMMUNITY 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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a member of the Wilson Education Center (Service Center). During fiscal year 2019-2020, the Service Center solicited, evaluated, and awarded bids for bread, milk, and other products on behalf of its members.

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

Bids for bread and milk were originally awarded for 2016-2017. Each contract included a clause that stated that the contract could be extended for three additional 12-month periods by mutual written agreements. The Service Center could not provide written contracts of the mutually agreed-upon extensions of the bread and dairy bids for 2019-2020. For 2019-2020, the Service Center had emails with the contractor that noted the agreement to extend the contract.

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

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.318(i) states:

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

SOUTH RIPLEY 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. . . .

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

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

(f) Procurement by noncompetitive proposals. . . ."

Cause

The School Corporation had not developed a system of internal control that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could have resulted in 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 internal controls 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.

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

FINDING 2021-003

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

Condition and Context

Management of the School Corporation had not established an effective internal control system to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

One employee was primarily responsible for verifying free and reduced price applications. There was no documentation that an oversight, review process, or other compensating control had been established to ensure the proper number of applications were verified for accuracy.

The lack of internal controls was 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). . . ."

Cause

The School Corporation had not developed a system of internal control to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

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

Effect

The failure to establish internal controls could have enabled material noncompliance to go undetected.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



**SOUTH RIPLEY COMMUNITY SCHOOL CORPORATION
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PHONE 812-689-6282 FAX 812-689-6760**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: FY2017

Status of Audit Finding: Corrective Action was taken.

Per phone conversation with Marcia Fullenkamp on 4-5-2022.

Attain and Maintain Price/Rate Quotations - for purchases over the \$10,000 threshold (on federal purchases) and \$50,000 (non-federal purchases). The Director initials all documents and they are maintained for review and audit.

Corrective action was taken when applicable.

Hiring A Contractor When There Are No Qualified Applicants- The ROD Director informs the Board in their meeting that there were no qualified applicants for a posted position. This has taken the place of the ROD Director initialing paperwork showing there were no qualified applicants. The ROD Director then recommends to the Board the hiring of a contractor to fill the position along with details of the contract. The ROD Director signs the contract and keeps all records for review and audit.

FINDING 2019-002

Fiscal year in which the finding initially occurred: FY2019

Status of Audit Finding: Corrective Action was taken. May 27, 2020 - Evidence was presented and the Finding was resolved with Joe Olivadoti, Financial Specialist with the Indiana Department of Education.

Per 4-5-2022 email with Benita Fisher, Procurement Specialist at the Wilson Education Center.

Vendor Extensions of Bids and Debarment Documents - The Wilson Center has fully corrected the audit finding.

Qualified Suppliers and Equitable Micro-Purchases- We have taken the corrective action.

FINDING 2019-003

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Corrective Action was taken in March 2020. May 27, 2020 - Evidence was presented and the Finding was resolved with Joe Olivadoti, Financial Specialist with the Indiana Department of Education.

Verification of Free and Reduced Price Applications (NSLP)

Our last audit ended in March 2020, and this finding was for the FY 2019. Superintendent Moorhead and Business Manager Lana Miller met with the principal and staff member that was responsible for the free and reduced applications and verifications. We reiterated the importance of a second person reviewing applications and verifications, and signing the review portion of the application and verification forms. We additionally explained that the application information input into Skyward should be part of this review and a signature placed on the Skyward print out showing review by a second person.

Since an error was made, part due to using a new student data system, we questioned whether we were clear on our new student software system and the proper entries to be made. We were assured that office staff were much more familiar with the system.

In 2020-2021, due to the limited number of applications received, we were not required to do any verifications.



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CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Lana M. Miller
Contact Phone Number: 812-689-6282

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This Corrective Action Plan was received by ROD Treasurer Marcia Fullenkamp on May 5, 2022.

The Treasurer and the Director of the Ripley Ohio Dearborn Special Education Cooperative will work together to implement an adequate internal control policy for the Matching, Level of Effort, and Earmarking compliance requirement. A new form will be created to track and bill appropriately for the non-public school portion to meet compliance with the requirements related to the grant agreement.

Anticipated Completion Date: July 2022.

FINDING 2021-002

Contact Person Responsible for Corrective Action: Lana M. Miller
Contact Phone Number: 812-689-6282

Views of Responsible Official: We concurred with the prior finding and this is a repeat finding due to timing of the last audit and the current audit period. Following our last audit, in May of 2020 the Wilson Education Center immediately took corrective action and provided all new signed bid documents from the vendors including suspension and debarment compliance requirements.

Description of Corrective Action Plan: May of 2020, all paperwork from the Wilson Education Center was updated and provided to South Ripley Community School Corporation. On May 27, 2020, this paperwork was presented as evidence of correction to Joe Olivadoti, Financial Specialist with the Indiana Department of Education. This finding was resolved with the IDOE at that time.

Anticipated Completion Date: Completed May of 2020.

FINDING 2021-003

Contact Person Responsible for Corrective Action: Lana M. Miller
Contact Phone Number: 812-689-6282

Views of Responsible Official: We concurred with the prior finding and this is a repeat finding due to the timing of the last audit and the current audit period.

Description of Corrective Action Plan: Corrective action was taken in March 2020.

Our last audit ended in March 2020, and this finding was for the FY 2019. Superintendent Moorhead and Business Manager Lana Miller met with the principal and staff member that were responsible for the free and reduced applications and verifications. We reiterated the importance of a second person reviewing applications and verifications, and signing the review portion of the application and verification forms. We additionally explained that the application information input into Skyward should be part of this review and a signature placed on the Skyward print out showing review by a second person.

Since an error was made, part due to using a new student data system, we questioned whether we were clear on our new student software system and the proper entries to be made. We were assured that office staff was much more familiar with the system.

On May 27, 2020, evidence was presented and the Finding was resolved with Joe Olivadoti, Financial Specialist with the Indiana Department of Education.

In 2020-2021, due to the limited number of applications received, we were not required to do any verifications.

Anticipated Completion Date: Completed in March 2020.

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/>.