

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

RUSH COUNTY SCHOOLS

RUSH COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/28/2022

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.....	13-28
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	30-41
Corrective Action Plan	42-48
Other Reports.....	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bryce Welsh Deborah M. Pavey Melissa Leap	07-01-19 to 08-31-19 09-01-19 to 06-30-21 07-01-21 to 06-30-22
Superintendent of Schools	Matt Vance	07-01-19 to 06-30-22
President of the School Board	Michael Beard Doug Marlow Tammy Jackman	01-01-19 to 12-31-19 01-01-20 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 RUSH COUNTY SCHOOLS, RUSH 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 Rush County Schools (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 27, 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002.

Rush County Schools' Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

May 27, 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 RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Rush County Schools' (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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2021-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Child Nutrition Cluster that are applicable to its Program Income. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that 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 Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* 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 Child Nutrition Cluster 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 items 2021-004 and 2021-007. 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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)

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003, 2021-004, 2021-005, and 2021-006 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2021-007 to be a significant deficiency.

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 27, 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 27, 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.

RUSH COUNTY SCHOOLS
 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			FY 19-20	\$ -	\$ 122,396	\$ -	\$ -
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 19-20	-	8,184	-	-
Total - School Breakfast Program				-	130,580	-	-
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
Commodities			FY 19-20	-	500,174	-	-
			FY 19-20, FY 20-21	-	97,012	-	139,207
Sub-total - National School Lunch Program				-	597,186	-	139,207
COVID-19 - National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
			FY 19-20	-	33,046	-	-
Total - National School Lunch Program				-	630,232	-	139,207
Summer Food Service Program for Children							
Summer Food Program	Indiana Department of Education	10.559					
			FY 19-20, FY 20-21	-	29,225	-	1,186,517
COVID-19 - Summer Food Service Program for Children							
Summer Food Program	Indiana Department of Education	10.559					
			FY 19-20, FY 20-21	-	11,282	-	66,926
Total - Summer Food Service Program for Children				-	40,507	-	1,253,443
Total - Child Nutrition Cluster				-	801,319	-	1,392,650
Total - Department of Agriculture				-	801,319	-	1,392,650

RUSH COUNTY SCHOOLS
 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							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grants to Local Educational Agencies			700S010A180014	-	125,542	-	-
Title I Grants to Local Educational Agencies			700S010A190014	-	219,852	-	178,347
Title I Grants to Local Educational Agencies			700S010A200014	-	-	-	131,125
Title I SIG 18-19			70S010A180014	-	46,174	-	3,826
Title I SIG 19-20			70S010A190014	-	-	-	76,230
Total - Title I Grants to Local Educational Agencies				-	391,568	-	389,528
Supporting Effective Instruction State Grants							
Title II Part A	Indiana Department of Education	84.367					
Title II Part A			S367A170013	-	36,098	-	-
Title II Part A			S367A180013	-	29,735	-	37,638
Title II Part A			S367A190013	-	2,705	-	19,346
Total - Supporting Effective Instruction State Grants				-	68,538	-	56,984
Student Support and Academic Enrichment Program							
Title IV	Indiana Department of Education	84.424					
Title IV			S424180015	-	24,786	-	-
Title IV			S424190015	-	1,470	-	29,280
Title IV			S424200015	-	-	-	9,908
Total - Student Support and Academic Enrichment Program				-	26,256	-	39,188
COVID-19 - Education Stabilization Fund							
Governor's Emergency Education Relief Fund	Indiana Department of Education	84.425C	S425C200018	-	-	-	157,500
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	-	-	276,200
Total - COVID-19 - Education Stabilization Fund				-	-	-	433,700
Total - Department of Education				-	486,362	-	919,400
Total federal awards expended				\$ -	\$ 1,287,681	\$ -	\$ 2,312,050

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

RUSH COUNTY SCHOOLS
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. GEER I Expenditures

The School Corporation was a participant in a joint application with other Local Educational Agencies (LEAs) to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. Decatur County Community Schools served as the fiscal agent for the award and expended award funds for equipment on behalf of all participants. The School Corporation received equipment as a result of the awarded grant in the amount of \$157,500. As a result, the activity for the GEER award that is presented as federal awards expended on the SEFA is not presented as receipts and disbursements on the financial statement for the School Corporation.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
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:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2021-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

Condition and Context

The School Corporation had not established an effective system of internal controls over cash and investments and financial close and reporting.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments

The School Corporation's internal controls over cash and investments were not properly implemented. The Treasurer performed the monthly bank reconciliations which included the preparation and completion of a bank statement check list. However, there was no documentation of another employee reviewing the reconciliations to ensure accuracy and completeness.

Financial Close and Reporting

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR). The supporting documentation for the AFR was prepared by the Treasurer and reviewed and approved by the School Board members. However, the internal control was not effective and did not detect and allow correction of errors on the financial statement for fiscal year 2019-2020.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors for the year ended June 30, 2020, when compared to the fund ledger:

1. Education fund receipts were understated by \$20,436, disbursements were overstated by \$546,922, and other financing sources and uses were understated by \$396,219.
2. Operations fund disbursements were understated by \$546,920, and other financing sources and uses were understated by \$417,673.
3. The 611 Part B 2016-2017 fund other financing sources and uses was overstated by \$153,387.
4. The Special Ed 611 Part B 2018-19 fund disbursements were understated by \$80,992, and other financing sources and uses were overstated by \$122,795.
5. The Part B 611 19-20 fund disbursements were understated by \$355,905.
6. Numerous other funds had errors that resulted in adjustments to the financial statement.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

Management had not established an effective system of internal control over cash and investments and financial close and reporting.

Effect

The failure to establish an effective system of internal control enabled material misstatements or irregularities to remain undetected as identified in the *Condition and Context*.

Views of Responsible Officials

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

FINDING 2021-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although the Treasurer prepared and entered the federal award information into Gateway, and the School Board reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Child Nutrition Cluster expenditures were understated by \$34,782 and \$124,881 for the periods ended June 30, 2020, and June 30, 2021, respectively.
2. Title I Grants to Local Educational Agencies expenditures were overstated by \$30,662 for the period ended June 30, 2020. Additionally, amounts passed to subrecipients were overstated by \$17,107 for the period ended June 30, 2021.
3. Supporting Effective Instruction State Grants expenditures were understated by \$42,053 and \$36,738 for the periods ended June 30, 2020, and June 30, 2021, respectively.
4. COVID-19 - Education Stabilization Fund expenditures were understated by \$157,500 for the period ended June 30, 2021. The amounts passed through to subrecipients were overstated by \$17,232 for the period ended June 30, 2021.
5. Special Education Cluster (IDEA) amounts passed through to subrecipients were incorrectly included in the amount of \$25,883 for the period ended June 30, 2021.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

Management had not established an effective system of internal control that would have ensured proper reporting of the SEFA.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-003

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 19-20, FY 20-21
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, 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 over Eligibility was 2019-005. The prior audit finding number over Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) was 2019-003.

Condition and Context

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

Eligibility

The Middle School Cafeteria Secretary processed free and reduced price lunch applications. The Food Service Director reviewed the applications. No documentation of the review process over notification of the household's eligibility for direct certifications was provided for the audit period.

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

The Middle School Cafeteria Secretary was responsible for the completion of the verification of free and reduced price applications. The Food Service Director reviewed the verified applications. No documentation of the Food Service Director's review was provided for the audit period.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue, 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). . . ."

Cause

Management had not developed a system of internal control that would have ensured compliance with the 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 Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control, including segregation of duties, to ensure compliance with the grant agreement and the 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.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2021-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children
Assistance Listings Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 19-20, FY 20-21
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 2019-006.

Condition and Context

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

Procurement

The School Corporation did not obtain price or rate quotes for purchases of goods and services exceeding \$10,000 from an adequate number of sources, which fell under small purchase procedures. Supporting documentation for the rationale behind the selection of a vendor was not retained by the School Corporation. In addition, contracts were not entered into for small purchases above \$50,000 as required by state statute.

Suspension and Debarment

The School Corporation was a member of the East Central Educational Service Center (ECESC) during fiscal year 2019-2020 and 2020-2021. ECESC verified that vendors were not suspended or debarred when securing bids for food, dairy, and bread products on behalf of the member schools. However, for purchases of goods and services exceeding \$25,000 handled by the School Corporation, vendors were not verified for suspension and debarment to ensure vendors were not suspended or debarred from participation in federal programs.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

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

Cause

Management had not developed an effective 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 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.

RUSH COUNTY SCHOOLS
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, including segregation of duties, to ensure compliance 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.

FINDING 2021-005

Subject: Child Nutrition Cluster - 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, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 19-20, FY 20-21

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-007.

Condition and Context

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

The School Corporation had not designed or implemented adequate internal controls to ensure program income was correctly recorded in the School Lunch fund. There were differences identified between the amounts transferred from the Extracurricular Accounts (ECA) and the amounts recorded in the School Lunch fund when receipting school food collections from the ECA to the School Corporation's School Lunch fund. As a result, the program income recorded did not accurately reflect the total income for meals served. For the one month tested in fiscal year 2019-2020, sales of \$60,608 were recorded in the School Lunch fund, in a materially correct manner, but the Prepaid School Lunch Accounts fund was not established until February 2020 per the School Corporation records.

Additionally, in 2020-2021, all receipts at the ECA level for cafeteria activity were recorded in the Prepaid School Lunch Clearing fund, and none of the monthly school food program sales were recorded and transferred to the School Lunch fund. For the two months tested in 2020-2021, all school food sales receipts of \$4,988 and \$11,094, respectively, were posted entirely in the Prepaid School Lunch Accounts fund for the School Corporation.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of effective 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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

. . .

- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction:

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable;"

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to:

- (12) Maintain a financial management system as prescribed by the State agency;"

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal control that would have ensured compliance with the Program Income 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 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 a system of internal control, including segregation of duties, to ensure compliance with the grant agreement and the Program Income 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 2021-006

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 700S010A180014,
700S010A190014,
700S010A200014,
70S010A180014,
70S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions -
Assessment System Security

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding regarding Eligibility and Reporting from the immediately prior audit report. The prior audit finding number was 2019-011.

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security compliance requirements.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Eligibility

The October 1st Real Time Report of Pupil Enrollment (PE) was used by the Indiana Department of Education to pull data into the Title I application. These numbers were then used to calculate Percent Poverty which was used to rank schools for Title I eligibility. One person was primarily responsible for compiling and uploading student data, including poverty status, for Real Time reports. There was no internal control in place, such as an oversight, review, or approval process to ensure eligibility was properly determined.

Reporting

The 2018-2019 Final Annual Expenditure Report was completed by one person with no documentation of review. There was no documentation of an internal control in place such as an oversight, review, or approval process to ensure the report was accurate.

Special Tests and Provisions - Assessment System Security

The School Corporation did not provide documentation which indicated that a comparison of the School Corporation's current testing security policy was up to date with state guidelines and requirements for assessment system security. In addition, there was no documentation of a review process to confirm that appropriate staff completed assessment system security training as required.

The lack of internal controls was a systemic issue, 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). . . ."

Cause

The School Corporation had not developed a system of internal control that would have ensured compliance with the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security compliance requirements.

RUSH COUNTY SCHOOLS
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, including segregation of duties, related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security 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 2021-007

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 700S010A180014,
700S010A190014,
700S010A200014,
70S010A180014,
70S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Significant Deficiency, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-011.

Condition and Context

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

The School Corporation had not designed or implemented adequate internal controls to ensure that disbursements were only for Title I program costs. Amounts charged to the program as recorded in the ledger were not properly reviewed by management to ensure they were in accordance with allowable costs/cost principles.

From a sample of 40 payroll transactions selected for testing, two employees who maintained Personnel Activity Reports (PAR) did not consistently have the portion of their time spent on the programs appropriately charged to the grants. Over the course of the audit period, one employee who had allocated 50 percent of their time to Title I on the PAR had only 38 percent of their salary charged to the grant program. The second employee allocated 93 percent of their time to Title I; however, 100 percent of the employee's salary was charged to the grant program.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls and noncompliance was a systemic issue, 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 states:

"(i) *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; . . .

(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. . . ."

Cause

The School Corporation had not developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled 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 recommended that the School Corporation's management establish a system of internal control, including segregation of duties, to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

RUSH COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal Year in which the finding initially occurred: 2017

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance

Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

Payroll Disbursements:

All employees in the accounting department currently enter payroll disbursement information into the accounting system. When entry is complete, the Director of Finance checks the trial journal and distribution report. The accounts payable bookkeeper checks the deduction report. Both sign off that they are correct before payroll is processed. A Detailed Payroll Claim Listing is presented to the Board.

Cash and Investments:

The accounts payable bookkeeper processes the deposit and prepares the deposit slip. The Director of Finance or Deputy Treasurer signs off on the deposit before it is taken to the bank. The monies are deposited by the accounts payable bookkeeper who also records in the accounting software. The Director of Finance/Treasurer has not been presenting to the Deputy Treasurer the Bank Statement, the Komputrol Bank Statement, and the Fund Report at the end of each month. This practice will begin immediately. After verifying that all balance, the Deputy Treasurer will sign off on all three documents.



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002

Fiscal Year in which the finding initially occurred: 2011-2012
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

There have been many internal controls added to the SEFA accounts. Monthly expenditure, receipt, and fund reports are being checked on a monthly basis. Monthly meetings with the Director of Finance, Superintendent, and Learning Loss Coordinator, who oversees grants including those that are a part of the SEFA programs, are being held to go over these reports. This assists with the accuracy for entering into the Indiana Gateway financial reporting system.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-003

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

An internal control system has been put into place to ensure compliance of the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions – School Food Accounts, Special Tests and Provisions – Paid Lunch Equity. Disbursements are now monitored to ensure they are only for the Child Nutrition program. The Learning Loss Coordinator also oversees the Child Nutrition program. Monthly distribution and expenditure reports are checked on a monthly basis to determine if expenditures are being paid from the correct fund. A designee is responsible for completing the Free and Reduced Price Application verifications for all buildings and the Food Service Coordinator now verifies eligibility. The paid lunch equity calculation is now being verified by two people.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-004

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

An effective internal control system was put into place to ensure compliance of the grant agreement and the Cash Management compliance requirement. This includes the addition of the position of the Learning Loss Coordinator who oversees grants. The Learning Loss Coordinator works with the Director of Finance to analyze and monitor the balances of the School Lunch fund.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-005

Fiscal Year in which the finding initially occurred: 2017

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance

Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

An effective internal control system was put into place to ensure compliance of the grant agreement and Eligibility compliance requirement. A copy of the notification of the household's eligibility letter sent to the parents/guardians are kept on file and in the Student Information System.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-006

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

An internal control system has been put into place for the Child Nutrition Procurement and Suspension and Debarment requirements. Simplified Acquisitions now go through the bidding process for vendors who meet the simplified acquisition threshold through a consortium, which is a part of the East Central Education Service Center. The rationale behind the selection of a vendor is maintained by the consortium. The consortium is responsible for checking the SAM system for suspension and debarment of vendors over the \$25,000 threshold and maintaining documentation.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-007

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

An internal control was set up to better implement adequate controls to ensure program income is correctly recorded. An 8400 fund has now been set up and school lunch funds from the schools are being deposited into this fund. School lunch funds from the schools are being sent to the corporation office and receipted into the 8400 fund. Prepaid student account listings are maintained in the Student Information System and are reviewed for negative balances on a monthly basis. Parents are notified by the school secretary/treasurer of negative balances.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-008

Fiscal Year in which the finding initially occurred: 2019
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Corrected

An effective internal control system was be put into place to ensure compliance of the grant agreement. Disbursements are being monitored by the Director of Finance, Learning Loss Coordinator, and Director of Differentiated Learners to ensure they are only for the Special Education program costs and are allowable costs. Monthly distribution and expenditure reports are checked on a monthly basis to determine if expenditures are being paid from the correct fund. The Learning Loss Coordinator meets regularly with the Director of Differentiated Learners to go over these reports to verify that the information is correct and that the grant is being followed. Reimbursements are now being filed and received.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-009

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Corrected

The Director of Finance, Learning Loss Coordinator, and Director of Differentiated Learners work together to implement an adequate internal control policy for the Matching, Level of Effort, Earmarking compliance requirement. Making sure that amounts earmarked and expended for the non-public school meet compliance with the requirements related to the grant agreement. Reimbursements are now being filed and received.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-010

Fiscal Year in which the finding initially occurred: 2019
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Corrected

An internal control system has been set into place for the Special Education procurement requirements. Price or rate quotes are obtained from three sources, when available, for small purchases of goods. For micro-purchases, they attempt to distribute equitably among qualified suppliers. The SAM system will now be checked for suspension and debarment of vendors and will print off the findings and keep in a folder or binder. This will endure procurement, suspension, and debarment federal guidelines are being followed for disbursements made using these program funds.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-011

Fiscal Year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Not Corrected

An effective internal control system was put into place to ensure compliance of the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, Special Tests and Provisions – Participation of Private School Children, Special Tests and Provisions – Annual Report Card, High School Graduation Rate. Disbursements are monitored by the Director of Finance and Learning Loss Coordinator to ensure they are only for the Title I program costs and are allowable costs. Monthly distribution and payroll reports are checked on a monthly basis to determine if expenditures are being paid from the correct fund. This helps to ensure the State Per Pupil Expenditure Report is accurate. The Superintendent, Director of Finance, and Learning Loss Coordinator, who also serves as the Title I Director, meet to go over these reports to verify that the information is correct and that the grant is being followed. The Learning Loss Coordinator works with the private school principal to verify the participation of the Private School Children in the Title I program. The Real Time data, that is now part of Data Exchange, is being updated through the school's student information system to include Private School Children.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-012

Fiscal Year in which the finding initially occurred: 2019
Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Status of Audit Finding: Corrected

The Treasurer and Director of Title I worked together to implement an adequate internal control policy for the Level of Effort-Supplement not Supplant requirement of the Matching, Level of Effort, Earmarking compliance requirement. The methodology, calculation, allocation and documentation is being retained. The local funds for expenditures are calculated on a per pupil basis.

Melissa Leap
Director of Finance



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The accounts payable bookkeeper processes the deposit and prepares the deposit slip. The Director of Finance or Deputy Treasurer signs off on the deposit before it is taken to the bank. The monies are deposited by the accounts payable bookkeeper who also records in the accounting software. The Director of Finance/Treasurer has not been presenting to the Deputy Treasurer the Bank Statement, the Komputrol Bank Statement, and the Fund Report at the end of each month. This practice will begin immediately. After verifying that all balance, the Deputy Treasurer will sign off on all three documents.

Anticipated Completion Date: June 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-002

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

There have been many internal controls added to the SEFA accounts. Monthly expenditure, receipt, and fund reports are being checked on a monthly basis. Monthly meetings with the Director of Finance, Superintendent, and Learning Loss Coordinator, who oversees grants including those that are a part of the SEFA programs, are being held to go over these reports. This assists with the accuracy for entering into the Indiana Gateway financial reporting system.

Anticipated Completion Date: July 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-003

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An effective internal control system has been put into place to ensure compliance of the grant agreement and Eligibility compliance requirement. A copy of the notification of the household's eligibility letter sent to the parents/guardians are kept on file and in the Student Information System. The Food Service Director will review all applications and direct certifications and document the review.

Anticipated Completion Date: July 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-004

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An internal control system has been put into place for the Child Nutrition Procurement and Suspension and Debarment requirements. Simplified Acquisitions now go through the bidding process for vendors who meet the simplified acquisition threshold through a consortium, which is a part of the East Central Education Service Center. The rationale behind the selection of a vendor is maintained by the consortium. The consortium is responsible for checking the SAM system for suspension and debarment of vendors over the \$25,000 threshold and maintaining documentation. The school corporation Any food service vendor purchases that are not bid through the East Central Education Service Center and exceed \$10,000 will include a written rationale and/or multiple quotes.

Anticipated Completion Date: July 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-005

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An internal control was set up to better implement adequate controls to ensure program income is correctly recorded. An 8400 fund has now been set up and prepaid school lunch funds from the schools are being deposited into this fund. School lunch funds from the schools are being sent to the corporation office and receipted into the 8400 fund. Prepaid student account listings are maintained in the Student Information System. Each month, buildings will also send a Monthly Gross Sales Report and those funds will be transferred from the 8400 account to the 0800 accounts.

Anticipated Completion Date: July 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-006

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An effective internal control system, which would include segregation of duties, will be put in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Assessment System Security compliance requirements:

Eligibility

The October 1st Pupil Enrollment (PE) is used by IDOE to pull data into the Title I application for Title I eligibility. One person will compile and download the October 1st Pupil Enrollment that is populated in Data Exchange and pulls data our Student Information System. Building principals will sign off on that this data is correct prior to the Treasurer and Superintendent certifying the data in Data Exchange.

Reporting

The Final Annual Expenditure Report will be completed by one. It will be documented that this report is reviewed by the Treasurer.

Special Tests and Provisions - Assessment System Security

The Corporation Test Coordinator will document each year that a comparison of the school's current testing security policy is up to date with state guidelines and requirements for assessment system security. School Test Coordinators will also document the review ensuring that appropriate staff completed assessment system security training as required.

Anticipated Completion Date: October 2022



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent
330 W. 8th Street, Rushville, IN 46173
765 932-4186

CORRECTIVE ACTION PLAN

FINDING 2021-007

Contact Person Responsible for Corrective Action: Melissa Leap, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

An effective internal control system will be put into place to ensure compliance of the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Disbursements will be monitored by the Director of Finance and Learning Loss Coordinator to ensure they are only for the Title I program costs and are allowable costs. The Learning Loss Coordinator will verify that Title I employees have the portion of their time spent on the programs appropriately charged to the grants. Distribution and payroll reports will be checked on a monthly basis to determine if expenditures are being paid from the correct fund. The Superintendent, Director of Finance, and Learning Loss Coordinator, who also serves as the Title I Director, meet to go over these reports to verify that the information is correct and that the grant is being followed.

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/>.