

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GOSHEN COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
02/06/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelley D. Kitchen Dr. Robert J. Evans Whitney Dixon	07-01-18 to 06-18-21 06-19-21 to 10-10-21 10-11-21 to 12-31-22
Superintendent of Schools	Dr. Diane B. Woodworth Dr. Steven Hope (interim) Dr. Steven Hope	07-01-18 to 06-30-20 07-01-20 to 12-31-20 01-01-21 to 12-31-22
President of the School Board	Felipe Merino Bradd Weddell	07-01-18 to 12-31-18 01-01-19 to 12-31-22



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 GOSHEN COMMUNITY SCHOOLS, ELKHART 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 Goshen Community Schools (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated December 14, 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.

***Report on 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) as a basis for designing 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 2020-001 and 2020-002, 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)

***Report on 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 2020-001 and 2020-002.

***Goshen Community Schools' Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

December 14, 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 GOSHEN COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

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

***Disclaimed and Qualified Opinions***

We have audited the Goshen Community 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, 2018 to June 30, 2020. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on Title I Grants for Local Educational Agencies***

In our opinion, except for the possible effects of the matter described in the *Basis for Disclaimed and Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies for the period of July 1, 2018 to June 30, 2020.

***Disclaimer of Opinion on the Child Nutrition Cluster***

Because of the significance of the matters described in the *Basis for Disclaimed and Qualified Opinions* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the School Corporation's compliance 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, 2018 to June 30, 2020.

***Disclaimer of Opinion on the Special Education Cluster (IDEA)***

Because of the significance of the matters described in the *Basis for Disclaimed and Qualified Opinions* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the School Corporation's compliance 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, 2018 to June 30, 2020.

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

**Basis for Disclaimed and Qualified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the 84.010 Title I Grants to Local Educational Agencies, as described in items 2020-017 and 2020-020 for Reporting and Special Tests and Provisions - Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

*Matters Giving Rise to Disclaimer of Opinion on the Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Child Nutrition Cluster, as described in items 2020-003, 2020-005, 2020-006, 2020-007, and 2020-008 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Procurement and Suspension and Debarment, Program Income, and Special Tests and Provisions - School Food Accounts. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

*Matters Giving Rise to Disclaimer of Opinion on the Special Education Cluster (IDEA)*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA), as described in items 2020-010, 2020-011, and 2020-012 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

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)

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***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 2020-013, 2020-014, 2020-015, 2020-016, and 2020-019. Our opinion on each major federal program is not modified with respect to these matters.

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)

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. 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**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, 2020-013, 2020-014, 2020-015, 2020-016, 2020-017, 2020-018, 2020-019, and 2020-020, 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated December 14, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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

December 14, 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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GOSHEN COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education	10.553					
	Child Nutrition Cluster - School Breakfast Program		FY 18-19	\$ -	\$ 573,775	\$ -	\$ -
	Child Nutrition Cluster - School Breakfast Program		FY 19-20	-	-	-	417,656
	Subtotal - School Breakfast Program			-	573,775	-	417,656
COVID-19 - School Breakfast Program							
	Indiana Department of Education	10.553					
	COVID-19 - School Breakfast Program		FY 19-20	-	-	-	31,073
	Total - School Breakfast Program			-	573,775	-	448,729
National School Lunch Program							
	Indiana Department of Education	10.555					
	Child Nutrition Cluster School Snack Program		FY 18-19	-	43,683	-	-
	Child Nutrition Cluster School Snack Program		FY 19-20	-	-	-	23,082
	Child Nutrition Cluster School Lunch Program		FY 18-19	-	2,037,642	-	-
	Child Nutrition Cluster School Lunch Program		FY 19-20	-	-	-	1,472,131
	Commodities		FY 18-19	-	295,910	-	-
	Commodities		FY 19-20	-	-	-	271,623
	Subtotal - National School Lunch Program			-	2,377,235	-	1,766,836
COVID-19 - National School Lunch Program							
	Indiana Department of Education	10.555					
	COVID-19 - National School Lunch Program		FY 19-20	-	-	-	103,526
	COVID-19 - School Snack Program		FY 19-20	-	-	-	3,878
	Subtotal - COVID-19 - National School Lunch Program			-	-	-	107,404
	Total - National School Lunch Program			-	2,377,235	-	1,874,240
Summer Food Service Program for Children							
	Indiana Department of Education	10.559					
	Child Nutrition Cluster Summer Food Service		FY 18-19	-	104,548	-	-
	Child Nutrition Cluster Summer Food Service		FY 19-20	-	-	-	98,513
	Subtotal - Summer Food Service Program for Children			-	104,548	-	98,513

GOSHEN COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
COVID-19 - Summer Food Service Program for Children COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 19-20	-	-	-	579,751
Total - Summer Food Service Program for Children				-	104,548	-	678,264
Total - Child Nutrition Cluster				-	3,055,558	-	3,001,233
Total - Department of Agriculture				-	3,055,558	-	3,001,233
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States 2016-17 Special Ed Part B Special Ed Part B 17-18 Special Ed Part B 2018-2019 Special Education Part B 2019-2020	Indiana Department of Education	84.027	14217-022-PN01 18611-014-PN01 19611-014-PN01 20611-014-PN01	- - - -	269,741 1,152,390 1,457,656 -	- - - -	- 168,883 63,323 930,783
Total - Special Education Grants to States				-	2,879,787	-	1,162,989
Special Education Preschool Grants Special Ed Preschool 2016-17 Special Ed Preschool 2017- 2018	Indiana Department of Education	84.173	45717-014-PN01 18619-014-PN01	- -	562 69,414	- -	- 247
Total - Special Education Preschool Grants				-	69,976	-	247
Total - Special Education Cluster (IDEA)				-	2,949,763	-	1,163,236
Title I Grants to Local Educational Agencies Title I Basic 2018-2019 Title I Part A Basic 2017-18 Title I Basic 2019-2020 Title I Part D 2018-2019 Title I Part D 2017-18	Indiana Department of Education	84.010	S010A170014 S010A180014 S010A190014 S010A170014 S010A180014	- - - - -	453,026 730,430 - 34,452 -	- - - - -	- 347,954 614,499 2,946 17,713
Total - Title I Grants to Local Educational Agencies				-	1,217,908	-	983,112

GOSHEN COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2016- 2018			S365A160014	-	30,602	-	-
Title III 2017-19			S365A170014	-	110,932	-	2,310
Title III 2018-2020			S365A180014	-	136,432	-	63,102
Total - English Language Acquisition State Grants				-	277,966	-	65,412
Mathematics and Science Partnerships Code Red Ethos 2017-18	Indiana Department of Education	84.366	S66B160015	-	53,021	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II 2016- 2018			S367A160013	-	62,294	-	-
Title II 2017-2019			S367A170013	-	109,721	-	74,404
Title II 2017-2019			S367A180013	-	-	-	91,396
Total - Supporting Effective Instruction State Grants				-	172,015	-	165,800
School Improvement Grants 2017-18 1003(g) School Improvement	Indiana Department of Education	84.377	S377A00150015	-	158,504	-	-
Student Support and Academic Enrichment Program Title IV Part A	Indiana Department of Education	84.424	S424A170015	-	21,681	-	78,319
Total - Department of Education				-	4,850,858	-	2,455,879
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medical Assistance - Medicaid			FY 18-19	-	92,665	-	-
Medical Assistance - Medicaid			FY 19-20	-	-	-	69,870
Medical Assistance - MAC			FY 18-19	-	73,256	-	-
Medical Assistance - MAC			FY 19-20	-	-	-	57,800
Total - Medical Assistance Program				-	165,921	-	127,670
Total - Medicaid Cluster				-	165,921	-	127,670
Total - Department of Health and Human Services				-	165,921	-	127,670
Total federal awards expended				\$ -	\$ 8,072,337	\$ -	\$ 5,584,782

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

GOSHEN COMMUNITY 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, 2019 and 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

*B. Other Significant Accounting Policies*

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

**Note 2. Indirect Cost Rate**

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

**Note 3. Elkhart County Special Education Cooperative (ECSEC)**

The School Corporation is a member of the Elkhart County Special Education Cooperative (Cooperative) and serves as the Cooperative's fiscal agent. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

GOSHEN COMMUNITY 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?	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:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Disclaimer
	Special Education Cluster (IDEA)	Disclaimer
	Title I Grants to Local Educational Agencies	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**

**FINDING 2020-001**

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

*Condition and Context*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash and Investments*

The School Corporation did not establish internal controls over cash and investments, including the completion of depository reconciliations of the bank account balances to the fund balances. Reconciliations provided for audit were generated from the accounting system; however, the reconciled cash accounts in the system did not materially agree with the fund balances. During the course of the audit, it was discovered that postings within a donation fund in the general ledger were used to force the system to reconcile. As a result, the Donation fund was not reported in the financial statement.

Depository reconciliations were updated for June 30, 2019, and June 30, 2020, to include a reconciliation of the bank account balances to the fund balances. As of June 30, 2020, there was an unidentified difference between the reconciled bank account balances and the financial statement fund balances of \$76,313.

*Receipts*

The School Corporation did not implement effective internal controls related to receipts. There was no oversight or monitoring of receipts electronically deposited in the School Corporation's bank accounts, as to ensure the timely and proper recording of funds received. One employee posted the receipts to the general ledger with no evidence to support a review by a separate employee.

During the course of the audit, it was discovered that local distributions, which were electronically deposited, were incorrectly posted to the general ledger as noted in the following table.

<u>Distribution Period</u>	<u>Fund</u>	<u>Remittance Amount</u>	<u>General Ledger Posting Amount</u>	<u>Variance</u>
June 2019	Operating Referendum Tax Levy	\$ 2,078,346	\$ 4,047,925	\$ 1,969,579
June 2019	Debt Service	3,848,800	3,986,278	137,478
June 2019	Referendum Debt Exempt Capital	963,530	998,536	35,006
June 2019	Operations	3,934,608	2,357,624	(1,576,984)
June 2019	Education	42,920	-	(42,920)
December 2019	Operating Referendum Tax Levy	1,745,299	(215,876)	(1,961,175)
December 2019	Referendum Debt Exempt Capital	812,473	807,394	(5,079)
December 2019	Operations	3,283,725	5,249,979	1,966,254
Total Over/(Under) General Ledger Posting				<u>\$ 522,159</u>

Additionally, there was \$26,574 in federal grant reimbursements which pertained to the Child Nutrition Cluster that were incorrectly posted in the Operations fund, and not the School Lunch fund.

Finally, there was no evidence presented for audit to support that the reviewer of food service program receipt postings examined the point-of-sale reports to confirm that lunchroom transactions were completely and accurately recorded in the general ledger.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Other Financing Sources*

The School Corporation did not implement effective internal controls related to other financing sources. There was no oversight or monitoring of proceeds of long-term debt electronically deposited in the School Corporation's bank accounts, as to ensure the timely and proper recording of funds received. One employee posted the proceeds to the general ledger, with no evidence to support a review by a separate employee.

The 2018 general obligation bond proceeds were incorrectly posted in the general ledger; the error required management to make a manual adjustment within the financial statement to fairly present the bond proceeds.

*Financial Close and Reporting*

The School Corporation did not implement effective internal controls over financial close and reporting. The School Corporation submitted financial information to the Indiana Department of Education through a Form 9. The Form 9 was used to compile the financial statement for the Indiana State Board of Accounts to audit. The compiled financial statement from the Form 9s did not materially agree with the records of the School Corporation.

It was later determined, by the Indiana State Board of Accounts, that accounting periods were not properly closed, which allowed management to backdate correcting entries from the date the error occurred. The backdating of correcting entries allowed submitted Form 9 data to no longer agree with the records of the School Corporation. As a result, the financial statement was compiled from the trial balance generated from the School Corporation's accounting system.

Due to the lack of effective internal controls, the Form 9s had the following variances compared to the financial statement compiled from the trial balance:

1. The cash and investments beginning balance at July 1, 2018, was understated by \$400,001.
2. Total receipts were understated by \$5,703,284 and overstated by \$1,971,907 for fiscal years 2018-2019 and 2019-2020, respectively.
3. Total disbursements were understated by \$11,823,497 and \$9,620,590 for 2018-2019 and 2019-2020, respectively.
4. Total other financing sources (uses) were overstated by \$9,148 and understated by \$6,851,710 for 2018-2019 and 2019-2020, respectively.
5. Cash and investments ending balances at June 30, 2019, and June 30, 2020, were overstated by \$5,729,360 and \$10,470,148, respectively.

*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:

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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](#)."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established a proper system of internal control that segregated key functions and would have ensured proper posting of financial transactions and proper financial reporting.

*Effect*

The failure to establish and properly implement internal controls enabled material misstatements or irregularities to remain undetected. The financial statement 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.

**FINDING 2020-002**

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 2018-002.

*Condition and Context*

The School Corporation had not established internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA

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

1. The Summer Food Service Program for Children expenditures were understated by \$589,483.
2. The Special Education Grant to States expenditures were overstated by \$8,511,341.
3. Several additional grants had individually immaterial errors, or omissions that resulted in a combined material misstatement of \$1,058,722.
4. Other errors included incorrect program names, pass-through entities, and identifying numbers.

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 200.62 states in part:

"*Internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:

- (1) Permit the preparation of reliable financial statements . . ."

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 Financial statements. . . ."

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:

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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 a system of internal control that would have ensured proper reporting of the SEFA.

*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.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2020-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
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 18-19, FY 19-20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed/Unallowed and Allowable Costs/Cost Principles compliance requirements.

Internal controls over vendor expenditures were not effective as several instances of noncompliance went undetected. Of the 40 vendor disbursement claims tested, 10 of the claims, totaling \$38,728, could not be provided for audit. The \$38,728 unsupported vendor disbursements are considered questioned costs.

Additionally, the School Corporation was not able to provide documentation to verify that the Indirect Cost Rate Proposal (ICRP) application for fiscal year 2019-2020 included the required documentation. The School Corporation did not submit the rate proposal or the financial data upon which the rate is based for audit.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues 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). . . ."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(1) . . .

(ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . .

(iii) Revenues received by the nonprofit school food service shall not be used to purchase land or buildings or to construct buildings; . . ."

7 CFR 210.14(a) states in part:

". . . Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 225.15(a)(1) states: "Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

2 CFR 200, Appendix VII, paragraph D(2) states:

"The following must be included with each indirect cost proposal:

- a. The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data noted in subsection b. Allocated central service costs will be supported by the summary table included in the approved central service cost allocation plan. This summary table is not required to be submitted with the indirect cost proposal if the central service cost allocation plan for the same fiscal year has been approved by the cognizant agency for indirect costs and is available to the funding agency.
- b. A copy of the financial data (financial statements, comprehensive annual financial report, executive budgets, accounting reports, etc.) upon which the rate is based. Adjustments resulting from the use of unaudited data will be recognized, where appropriate, by the Federal cognizant agency for indirect costs in a subsequent proposal.
- c. The approximate amount of direct base costs incurred under Federal awards. These costs should be broken out between salaries and wages and other direct costs.
- d. A chart showing the organizational structure of the agency during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the agency. (Once this is submitted, only revisions need be submitted with subsequent proposals.)"

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

Known questioned costs of \$38,728 were identified, as detailed in the *Condition and Context*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles 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 2020-004**

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, 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 18-19, FY 19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-003.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Cash Management compliance requirement.

There were no internal controls in place to ensure that the School Corporation was in compliance with the cash management requirement of limiting the net cash resources in the School Lunch fund to the three months' average expenditures for the food service program.

The lack of internal controls was a systemic issue throughout the audit period.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 established an effective system of internal control to ensure compliance with the Cash Management compliance requirement.

*Effect*

The failure to design and implement an effective system of internal controls placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Cash Management 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 2020-005**

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 18-19, FY 19-20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Modified Opinion

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-004.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Eligibility compliance requirement.

For 11 of 40 sampled students, documentation was not provided to support their eligibility had been appropriately determined. The Food Service Director was unable to provide supporting documentation for 9 students' Direct Certification determinations and 2 students' Applications for Free and Reduced Lunch. Additionally, 2 students were classified with the incorrect socioeconomic status, which resulted in the students being charged an incorrect lunch price.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues 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 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). . . ."

7 CFR 245.6(e) states:

*"Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

7 CFR 245.6(c) states in part:

*"Determination of Eligibility –*

- (1) *Duration of Eligibility.* Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year. . . .

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (4) *Calculating Income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable. . . ."

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit with the grant agreement and the Eligibility compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2020-006**

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 18-19, FY 19-20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Procurement*

*Micro-Purchases*

The School Corporation was unable to provide supporting documentation that micro-purchases, purchases of less than \$10,000, were distributed among qualified suppliers.

*Small Purchases*

The School Corporation did not obtain an adequate number of price or rate quotes to ensure full and open competition for procurements under the small purchase threshold. Two vendors were sampled and no documentation was provided.

*Simplified Acquisitions*

The School Corporation was unable to provide supporting documentation that they contracted with Gordon Food Service. The Food Service Director provided a letter of recommendation to the School Board to accept the contract with Region 8, which is the procurement center that contracts with Gordon Food Service, to provide food supplies and materials to member schools. The School Board voted to accept the letter; however, there was no supporting documentation of a signed contract between the School Corporation and Region 8, nor was there a contract between the School Corporation and Gordon Food Services provided.

*Suspension and Debarment*

The School Corporation entered into contracts during the audit period, but did not perform procedures to ensure these vendors were not suspended or debarred from participation in federal programs. Eight vendors were sampled for testing and the School Corporation was unable to provide documentation for all eight.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues 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 200.320 states in part:

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

(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. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states in part:

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

- (a) Checking 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 established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and 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 2020-007**

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  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 18-19, FY 19-20  
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 2018-003.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Program Income compliance requirement.

Three transfers of program income from the Prepaid Food Fund (8400) to the School Lunch fund (800) were sampled. Amounts appeared to be transferred from 8400 to 800; however, the amounts were not substantiated by appropriate supporting documentation. As the School Corporation did not maintain documentation supporting the amount earned from student meal collections, the amounts receipted into the 800 fund for student meals could not be tested for compliance.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues throughout the period.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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). . . ."

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 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."

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit, with the grant agreement and the Program Income compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and 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 2020-008**

Subject: Child Nutrition Cluster - Special Tests and Provisions - School Food Accounts

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 18-19, FY 19-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - School Food Accounts

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 2018-003.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Special Tests and Provisions - School Food Accounts compliance requirement.

Four transfers from the School Lunch fund (800) were sampled for testing. Two transfers were determined to be correcting entries, and two transfers did not have appropriate supporting documentation to verify the amount transferred was for the benefit of the food service program.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues throughout the period.

*Criteria*

2 CFR 200.303 states in part:

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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). . . ."

7 CFR 210.14(a) states in part:

*"Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings . . ."

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit, with the grant agreement and the Special Tests and Provisions - School Food Accounts compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Special Tests and Provisions - School Food Accounts compliance requirement.

*Views of Responsible Officials*

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-009***

Subject: Special Education Cluster (IDEA) - Internal Controls

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-022-PN01, 18611-014-PN01,  
19611-014-PN01, 20611-014-PN01,  
45717-014-PN01, 18619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management, Period of Performance

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2018-009 from the immediately prior audit report regarding Cash Management.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Cash Management, and Period of Performance compliance requirements.

*Activities Allowed or Unallowed and Period of Performance*

There was no oversight or review process in place over vendor, payroll, and payroll related benefits expenditures to ensure that disbursements were paid for the correct amounts and from the proper funds.

*Cash Management*

Reimbursement requests were prepared by the Assistant Treasurer and approved by the Special Education Director. However, there was not always appropriate supporting documentation attached to the reimbursements, which would have allowed the Special Education Director to ensure the proper expenditures were being requested. Seven of ten reimbursement requests filed during the audit period did not have appropriate supporting documentation.

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established an effective system of internal control to ensure compliance with the Activities Allowed or Unallowed, the Cash Management, and the Period of Performance compliance requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Activities Allowed or Unallowed, the Cash Management, and the Period of Performance 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 2020-010**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-022-PN01, 18611-014-PN01,  
19611-014-PN01, 20611-014-PN01,  
45717-014-PN01, 18619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

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 2018-008.

*Condition and Context*

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

There was no oversight or review process in place over vendor, payroll, and payroll related benefits expenditures to ensure that disbursements were paid for the correct amounts and from the proper funds.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Additionally, there were multiple instances where there was no supporting documentation to ensure payroll disbursements were made in compliance with the federal guidelines. In testing employees for required supporting documentation, 21 of 31 employees tested did not have Personnel Activity Reports or other personnel expense documentation to support the percentage of pay charged to the federal programs. These employees were paid a total of \$27,832, which were considered questioned costs.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues 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 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit, with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

Known questioned costs of \$27,832 were identified as detailed in the *Condition and Context*.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles 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 2020-011**

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort, Earmarking  
Federal Agency: Department of Education  
Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
Assistance Listings Numbers: 84.027, 84.173  
Federal Award Numbers and Years (or Other Identifying Numbers): 14217-022-PN01, 18611-014-PN01,  
19611-014-PN01, 20611-014-PN01,  
45717-014-PN01, 18619-014-PN01

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Matching, Level of Effort, Earmarking  
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 2018-010.

*Condition and Context*

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

*Level of Effort - Maintenance of Effort*

The School Corporation was unable to provide documentation to support the calculation for Level of Effort included within the 2020 grant application. In addition, the expenditure categories were not consistent with the prior grant application and several of the expenditure categories reported did not agree to the financial records.

*Earmarking*

The School Corporation was unable to provide documentation supporting expenditures related to nonpublic school students. As such, the School Corporation was unable to provide supporting documentation for the associated earmarking requirements.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues throughout the audit period.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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). . . ."

34 CFR 300.203(b) states:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - (i) Local funds only;
  - (ii) The combination of State and local funds;
  - (iii) Local funds only on a per capita basis; or
  - (iv) The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, . . ."

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 or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above. Additionally, the amount of Non-Public School allocation not spent, \$1,545.37, was returned to the Indiana Department of Education, which resulted in a loss of federal funds.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and 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 2020-012**

Subject: Special Education Cluster (IDEA) - Activities Allowed  
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-022-PN01, 18611-014-PN01,  
19611-014-PN01, 20611-014-PN01,  
45717-014-PN01, 18619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

The School Corporation was a member of the Elkhart County Special Education Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Cooperative provided special education services to its participating member school corporations and billed each school based on expenditures paid with Cooperative funds during the audit period. The total amount billed to each school corporation exceeded the grant allocation, therefore, member schools paid the Cooperative bills with local, state, and federal funds. The Cooperative accounted for all expenditures in a single fund which did not account for each of the funding sources or identify expenditures by federal program, award numbers, or years.

The Cooperative was not able to provide records that would support the activities performed by the employees whose salaries were charged in whole or in part to the grant or for transfers made from grant funds. Due to the lack of documentation for two transfers, approximately 13 percent of program expenditures, we were unable to determine if the expenses associated with the transfers were for activities and costs allowable to the federal program. The transfers, in the amount of \$2,256,865, were considered questioned costs.

The lack of internal controls, noncompliance, and failure to maintain adequate supporting documentation of program costs were systemic issues 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 200.403 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 200.430(i) states in part:

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

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Cause*

Management had not established an effective system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above.

*Questioned Costs*

Known questioned costs of \$2,256,865 were identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure that documentation will be maintained and made available for audit and to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles 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 2020-013**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-022-PN01, 18611-014-PN01,  
19611-014-PN01, 20611-014-PN01,  
45717-014-PN01, 18619-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the Procurement of Small Purchases or ensure that applicable vendors who received federal funds were not suspended or debarred from participation in federal award programs for those contracts procured by the Cooperative.

*Procurement - Small Purchases*

The Cooperative did not obtain an adequate number of price or rate quotes to ensure full and open competition for procurements under the small purchase threshold. Of the 11 vendors sampled that fell under the small purchases threshold, 5 did not have proper procurement procedures in place.

*Suspension and Debarment*

The Cooperative entered into contracts during the audit period, but did not perform procedures to ensure compliance with requirements regarding verification that these 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:

- (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 200.320(f) states:

"Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

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*

The School Corporation's management 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 effective 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.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-014***

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, 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): S010A170014, S010A180014, S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

Internal controls over vendor expenditure were not effective as several instances of noncompliance went undetected. Of the ten vendors tested, two of the claims could not be provided for audit and one claim paid was not supported by the documentation provided.

The lack of internal controls and noncompliance were isolated to vendor expenditures 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 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.430(i) states in part:

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

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

*Cause*

Management had not established a system of internal control that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective system of internal control enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements listed above 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 to ensure compliance and to comply with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-015***

Subject: Title I Grants to Local Educational Agencies - Eligibility  
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): S010A170014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

Eligibility for the program was determined on the Eligible School Summary of the Title I application. The Indiana Department of Education prepopulated the School Corporation's enrollment and poverty numbers based upon Real Time Data (RT) reports that were updated weekly by the School Corporation and the Pupil Enrollment Summary Report (DOE-PE). The RT reports were generated by the School Corporation without oversight or review. The nonpublic enrollment and poverty figures were manually entered at the School Corporation without oversight or review.

The October 1, 2017 and 2018 RT reports, which are used to prepopulate the public school data for the 2018-2019 and 2019-2020 applications, were tested for accuracy. Of the 40 school students tested, 4 students' socioeconomic status were incorrectly reported when compared with socioeconomic data provided by the School Corporation.

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:

- (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 established a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective system of internal control enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement listed above 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 to ensure compliance and comply with the grant agreement and the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2020-016**

Subject: Title I Grants to Local Educational Agencies - Level of Effort, Earmarking

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): S010A170014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

*Level of Effort*

The financial information submitted by the School Corporation to the Indiana Department of Education through the Form 9 report was used to calculate the School Corporation's level of effort as well as complete the State Per Pupil Expenditure Report.

There was no oversight or review process at the School Corporation level over expenditures to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Earmarking*

The School Corporation did not have effective internal controls to ensure that documentation regarding expenses related to Parental Involvement were prepared, reviewed, and retained for audit. Of the 11 items tested, 2 did not have the required supporting documentation to determine if the expenditure was properly classified or for the proper type of service.

Additionally, the allocation amount for Homeless for the 2018 and the 2019 Title I grants were \$1,000 each year. The School Corporation did not track expenditures for homeless students in either year.

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:

- (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). . . ."

20 USC 6318(a)(3) states in part:

**"(A) In general**

Each local educational agency shall reserve at least 1 percent of its allocation under subpart 2 to assist schools to carry out the activities described in this section, except that this subparagraph shall not apply if 1 percent of such agency's allocation under subpart 2 for the fiscal year for which the determination is made is \$5,000 or less. Nothing in this subparagraph shall be construed to limit local educational agencies from reserving more than 1 percent of its allocation under subpart 2 to assist schools to carry out activities described in this section. . . .

**(D) Use of Funds**

Funds reserved under subparagraph (A) by a local educational agency shall be used to carry out activities and strategies consistent with the local educational agency's parent and family engagement policy, including not less than 1 of the following:

- (i) Supporting schools and nonprofit organizations in providing professional development for local educational agency and school personnel regarding parent and family engagement strategies, which may be provided jointly to teachers, principals, other school leaders, specialized instructional support personnel, paraprofessionals, early childhood educators, and parents and family members.
- (ii) Supporting programs that reach parents and family members at home, in the community, and at school.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (iii) Disseminating information on best practices focused on parent and family engagement, especially best practices for increasing the engagement of economically disadvantaged parents and family members.
- (iv) Collaborating, or providing subgrants to schools to enable such schools to collaborate, with community-based or other organizations or employers with a record of success in improving and increasing parent and family engagement.
- (v) Engaging in any other activities and strategies that the local educational agency determines are appropriate and consistent with such agency's parent and family engagement policy."

*Cause*

Management had not established a system of internal control that would have ensured compliance with the grant agreement related to the Matching, Level of Effort, Earmarking 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 listed above could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish effective internal controls to ensure compliance and comply with the grant agreement and 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 2020-017**

Subject: Title I Grants to Local Educational Agencies - Reporting

Federal Agency: Department of Educations

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A170014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

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

*Financial Reporting - Reimbursement Requests*

The School Corporation had not designed or implemented a system of internal control to ensure that proper documentation was retained for audit.

The School Corporation was unable to provide four of fifteen Requests for Reimbursement, totaling \$802,039, submitted during the audit period. Due to the lack of documentation, we were unable to determine the School Corporation's compliance with the Reporting compliance requirement.

Additionally, one Request for Reimbursement submitted was based upon expenditures from an incorrect fund. Known questioned costs for the request were \$6,614.

*Special Report - Form 9*

The financial information submitted by the School Corporation to the Indiana Department of Education through the Form 9 report was used to calculate the School Corporation's level of effort as well as complete the State Per Pupil Expenditure Report.

There was no oversight or review process at the Corporation level over expenditures to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code.

The lack of internal controls, availability of supporting documentation, and noncompliance were systemic issues 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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting . . .
- (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. . . ."

*Cause*

Management had not established a system of internal control that would have ensured compliance, or that supporting documentation would have been maintained and made available for audit, related to the Reporting compliance requirement.

*Effect*

The failure to design and implement an effective system of internal control and to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirement listed above.

*Questioned Costs*

Known questioned costs of \$808,653 were identified, as detailed in the *Condition and Context*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure documentation be maintained and made available for audit related to the grant agreement and the Reporting 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 2020-018**

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): S010A170014, S010A180014,  
S010A190014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Finding: Material Weakness

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

There was no oversight or review process in place to ensure that private schools that elected to receive services, received services.

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not established a system of internal control that would have ensured compliance with requirements related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

*Views of Responsible Officials*

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-019***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card/High School Graduation Rate  
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): S010A170014, S010A180014, S010A190014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card/High School Graduation Rate  
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 2018-005.

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card/High School Graduation Rate compliance requirement.

The School Corporation had an internal control process in place over Special Tests and Provisions - Annual Report Card/High School Graduation Rate; however, the internal control was not properly implemented. For 3 of 16 students tested, the School Corporation did not properly maintain the required documents for students based on Indiana Department of Education requirements.

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

20 USC 7801(23)(B) states:

"To remove a student from a cohort, a school or local educational agency shall require documentation, or obtain documentation from the State educational agency, to confirm that the student has transferred out, emigrated to another country, or transferred to a prison or juvenile facility, or is deceased."

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established an effective system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card/High School Graduation Rate compliance requirement.

*Effect*

The failure to establish an effective system of internal control enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement listed above 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 related to the grant agreement and the Special Tests and Provisions - Annual Report Card/High School Graduation Rate 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 2020-020**

Subject: Title I Grants to Local Educational Agencies - Special  
Tests and Provisions - Assessment System Security  
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): S010A170014, S010A180014,  
S010A190014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Assessment System Security  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

There was no oversight or review process in place to ensure the School Corporation had an Assessment Security Policy and that it included all the requirements per the Indiana Assessment Program Manual. The School Corporation did not provide an Assessment Security Policy for the audit period.

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

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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). . . ."

Indiana Assessment Program Manual, Section 9, Part D states in part:

"Every school corporation or other test administration location that administers tests under the Indiana Assessment System MUST have a locally developed written test security policy. While IDOE does not require school board approval of this policy, corporations should follow local level practices to determine if this policy needs to be approved by the local school board.

The test security policy developed must:

- Specify that secure test materials should not be delivered to school buildings more than one week (preferably less) in advance of test administration.
- Specify that teachers and other school staff members are not allowed access to secure materials (except for the TAM) more than 4 hours in advance of test administration; and
- Describe the entity's plan for ensuring the security of assessment materials during testing and storage of all secure assessment materials before, during, and after testing. All test materials should be stored at a central location under lock and key.

Locally developed written test security policies must include, but not be limited to, the following description regarding how the corporation will:

1. Ensure that all appropriate staff have knowledge of the Code of Ethical Practices and Procedures and understand how to secure, administer, and handle the assessments while in their possession.
2. Ensure all appropriate staff receive test administration and test security training prior to testing.
3. Ensure all staff receive Test Security and Integrity Training prior to testing.
4. Ensure staff members who will provide students with testing accommodations are familiar with each student's individual accommodation needs as per the student's IEP, ILP, Section 504 Plan, CSEP, and/or Service Plan prior to testing.
5. Ensure staff members who will provide students with testing accommodations receive focused training on providing such accommodations prior to testing.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

6. Define and clearly communicate at least once annually for all appropriate staff how staff implementation of test administration and test security standards and procedures will be monitored by school administrators.
7. Define and clearly communicate at least once annually for all appropriate staff all security procedures established for each assessment.
8. Provide any other information and professional development necessary to ensure that all appropriate staff have the knowledge and skills necessary to make ethical decisions related to preparing students for an assessment, administering the assessment, and interpreting the results from assessment.
9. Establish a testing schedule. At a minimum, the schedule should include the assessment name, testing dates and times, applicable grade levels, content areas, and testing room locations.
10. Establish an access policy for assessment materials that allows only appropriate staff to have access to test administration manuals prior to the administration of the test, but prohibits the reviewing of any secure test questions before, during, or after the assessment administration.
11. Establish a process that ensures all student assessments are secure when they are not being administered.
12. Annual review school materials and practices related to preparing students for assessments. The description must include an explanation regarding how the school corporation will ensure test preparation materials used by school staff are appropriate and do not violate test security protocols.
13. Monitor testing to ensure staff are administering assessments with fidelity in terms of test administration and test security protocols/procedures and that staff are appropriately providing students with accommodations included in their IEPs, ILPs, Section 504 Plans, CSEPs, or Service Plans.
14. Provide channels of communication that allow teachers, administrators, students, parents/guardians, and other community members to voice their concerns about testing practices they consider inappropriate (see the Testing Concerns and Security Violations Report form in Appendix C).
15. Establish procedures for investigating any complaint, allegation, or concern about inappropriate testing practices, and ensuring protection of both the rights of individuals and of the integrity of the assessment.
16. Investigate any complaint of inappropriate testing practices or testing irregularities according to the Protocol for Reporting and Investigating Alleged Breaches as established and published pursuant to 511 IAC 5-5-4 (see Appendix A)."

*Cause*

Management had not established a system of internal control that would have ensured compliance with requirements related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

GOSHEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish a system of internal control prevented the review of the Assessment Security Plan and determination of compliance with the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Special Tests and Provisions - Assessment System Security 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.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-001***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The finding was corrected for Payroll Disbursements. The finding was not corrected for Cash and Investments, as the previous administration did not take corrective action as planned.

#### *Cash and Investments*

In the first quarter of 2021, Goshen Community Schools (GCS) partnered with Baker Tilly, a CPA firm, to assist GCS with monthly reconciliations. As of September 2022, Baker Tilly has reconciled through June 30, 2020. Ongoing work between GCS and Baker Tilly will continue to bring reconciliations current.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-002***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding:

The finding was not corrected. The previous administration did not take corrective action as planned. As of October 2022, internal controls have been implemented. The process manual outlining these will be put on the Goshen Community Schools website by March 2023.

To prevent errors on the Schedule of Expenditures of Federal Awards (SEFA), the following processes have been implemented and maintained

1. Reconciliation of the Grant Fund in Financial software to Grant Reimbursement Form will be completed by the Treasurer prior to submission of the reimbursement.
2. Approval of reimbursement requests prior to submittal by both the Chief Financial Officer or Deputy Treasurer and Grant program director.
3. Segregation of duties in the completion of the SEFA with approval sign-off by both the Chief Financial Officer and the responsible Grant program director.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-003***

Fiscal year in which the finding initially occurred: 2014-16

Status of Audit Finding:

Prior administration did not take corrective action as planned.

#### *Cash Management*

GCS continues to strive to follow the cash management requirement to limit net cash resources. The corrective action to submit a memo to the DOE which has been reviewed by the SND and CFO is not currently being completed as GCS currently is working to get the correct cash balance for the School Nutrition Program so we can ensure accurate numbers.

#### *Program Income*

GCS is working with a consultant to reconcile the funds ledger. Ongoing work between GCS and Baker Tilly will continue to bring reconciliations current. Once current, GCS will use an expenditure report from the school nutrition software to support the amounts transferred from Fund 8400 to Fund 800. The report will be reviewed by the school nutrition department and verified by the business office.

#### *Reporting*

GCS continues to improve on controls to ensure oversight of the Sponsor Claims and Annual Financial Reports. Effective 8-4-2022, training was completed with the Café Managers to perform Edit checks for their building. The School Nutrition Director and the Assistant Director both review the edit checks. All three sign off on the checks and then they are submitted directly to the website. The AFR when completed will be reviewed and submitted by both the SND and the Treasurer.

#### *Special Test and Provisions – School Food Accounts*

This part of the finding was only partially corrected because transfers were not being approved. Starting in December 2022, we will be limiting the transfers out of the School Lunch fund to only transfers related to indirect costs. The School Corporation will



document the review/oversight of indirect cost transfers from School Lunch fund prior to recording. Indirect cost transfer claims, with supporting documentation, will be prepared by Whitney Dixon, Treasurer, and submitted to the Accounts Payable Specialist for review. The transfer claims will be initialed or signed demonstrating approval of transaction. Accounts Payable Specialist will enter the transfers into the financial software and Christopher Dixon, Director of Nutrition, will review all the information and sign or initial the transfer claim to note his approval and review. Documentation for the transfer claims will be kept in the business office.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-004***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The finding was corrected for Special Tests and Provisions - Verifications. The finding was not corrected for Eligibility, as the previous administration did not take corrective action as planned.

#### *Eligibility*

The Director of Nutrition will implement new internal controls and review processes. The Director of Nutrition will review paper free and reduced meal application. Paper applications will be inputted into the nutrition software system. The determination is provided by the nutrition software system. The Director of Nutrition will complete a sample test of ten percent of all applications to ensure the software system's determination matches household income guidelines. If household income is at or below eligibility limits, the children in the household will be approved for free or reduced status, as applicable.

Three percent of applications will be randomly selected by the food service system to verify parent information. The Director of Nutrition verifies the correct amount was selected and verifies the parent documentation. Notifications of status changes will be mailed accordingly. Direct Certification eligibility will be downloaded from IDOE CNPWeb. Documentation will be saved electronically by the Director of Nutrition.

The food service department will ensure that all completed free and reduced meal applications are properly saved and accessible for review. All applications will be saved for the 5-year time frame as required by the USDA or until the completion of an audit.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-005***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding

The finding was partially corrected. The previous administration took some corrective action as planned. Starting with the 2022-23 school year,

To ensure oversight and to document a review process for the entering of mobility codes. Goshen High School will establish the following procedure:

- The Goshen High School Assistant Principal will regularly review all cohort records with the registrar tracking all enrollments and withdrawals.
- The Goshen High School Principal or designee will review and sign all withdrawal forms. This internal control will place two additional people to check cohort transfers and require an administrative signature on withdrawals.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-006***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding

1. The school corporation has determined the audit finding is no longer valid and does not warrant further action.
2. The following has occurred to justify the assessment:
  - a. Two years have passed since the audit report in which the finding occurred and was submitted to the Federal Audit Clearinghouse
  - b. The pass-through agency, IDOE, is not currently following up with the school corporation on the audit finding
  - c. A management decision from IDOE was not issued in response to the finding
3. The date the final reimbursement was received on 01/15/2019 and the grant ended, therefore corrective action is no longer necessary



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-007***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding

1. The school corporation has determined the audit finding is no longer valid and does not warrant further action.
2. The following has occurred to justify the assessment:
  - a. Two years have passed since the audit report in which the finding occurred and was submitted to the Federal Audit Clearinghouse
  - b. The pass-through agency, IDOE, is not currently following up with the school corporation on the audit finding
  - c. A management decision from IDOE was not issued in response to the finding
3. The date the final reimbursement was received on 01/15/2019 and the grant ended, therefore corrective action is no longer necessary



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-008***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding

The finding was not corrected. The previous administration did not take corrective action as planned. Adequate documentation was not provided to ensure Allowable Costs/Cost Principles were met for staff paid and other expenses from the Special Education Cluster of Funds.

As of December 2022, all certified employees paid 100% from the Special Education Part B Grant Cluster will complete a semi-annual certification form. Any certified employee paid less than 100% from the Special Education Part B Grant Cluster will keep time and effort logs to be submitted monthly. Director of ECSEC, will review and approve certified documentation. All non-certified personnel will clock in and clock out using the automated time clock system at GCS or the approved time system at the member schools. The Director of ECSEC or their designee will approve for bi-weekly payroll. Substitutes employed and paid for by the ECSEC funds will be documented through the WillSub system. A complete and accurate list of all personnel paid from ECSEC funds will be compiled by GCS payroll services. Changes can only be made with a completed and approved form.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-009***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The finding was partially corrected. The previous administration did not take corrective action as planned.

As of October 15, 2021, requests for reimbursement will not be submitted until the Deputy Treasurer or Treasurer has attached the Transaction Report from the financial software system (member schools will provide like documentation). The documentation will be reviewed and approved by the Executive Director of ECSEC prior to submission to the Business Office. The reimbursement request will require an approval signature from the Executive Director of Finance/Treasurer/Deputy Treasurer prior to submittal.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-010***

Fiscal year in which the finding initially occurred: 2016-2018

#### Status of Audit Finding

The finding was not corrected. The previous administration did not take correct action as planned.

Maintenance of Effort Documentation: Proper documentation of transactions from the financial software is attached to the MOE application which receives approval from the Director of ECSEC prior to submission.

Earmarking: All budgeted earmarked line items for items for non-public schools will be entered into the financial software as individual line items in order to properly expense and reimburse earmarked funds.

Monthly grant meetings are held and documented by minutes to ensure that communicated data has been verified and vetted.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-011***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

GCS must ensure CEIS quarterly monitory and proportionate share reports were filed timely.

Corrective action was completed.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-012***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The finding was corrected. Corrective action was completed



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2018-013***

Fiscal year in which the finding initially occurred: 2016-2018

Status of Audit Finding:

The finding was corrected. Corrective action was completed



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-001***

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer  
Contact Phone Number: (574) 533-8631

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

#### *Cash and Investments*

The Treasurer will, monthly, perform a combined reconciliation of the adjusted bank account balances to the fund's ledger balances (Cross Fund Report). The completed monthly reconciliations will then be given to the Chief Financial Officer (CFO), who will then review/approve and initial them. The reviewed/approved reconciliations will then be filed away in the business office. As well, the Treasurer and CFO will keep alert to identify stale dated checks during the reconciliation process, so that they can be properly handled as required.

#### *Receipts*

For electronic receipting, the Deputy Treasurer and Accounting Specialist will inspect daily bank account activity to identify electronic receipts. The Accounting Specialist will post the receipts in the accounting system and then produce/print an official receipt document that will include the amount, date, and fund posted to in the accounting system. The official receipt and supporting information will then be given to the Deputy Treasurer, who will review/approve the receipt by initialing it. The reviewed receipt will then be filed away in the business office.

For food service receipts, daily sales reports will be produced by the café managers at each site from the lunchroom accounting software and sign them. The signed reports will then be given to the site bookkeepers, who will review the reports and sign them. The double signed reports will then be forwarded to the business office with the monies collected. The Deputy Treasurer will then review the double signed reports and initial them. This report and supporting documentation will be given to the Accounting Specialist, who will post the receipts in the accounting system and then produce/print an official receipt document that will include the amount, date, and fund posted to in the accounting system. The official receipt and supporting information will then be given to the Deputy Treasurer, who will review/approve the receipt by initialing it. The reviewed receipt will then be filed away in the business office.



### *Other Financing Sources*

The Deputy Treasurer and Accounting Specialist will inspect daily bank account activity to identify electronic receipts, including proceeds of long-term debt. The Accounting Specialist will post the proceeds in the accounting system and then produce/print an official receipt document that will include the amount, date, and fund posted to in the accounting system. The official receipt and supporting information will then be given to the Deputy Treasurer, who will review/approve the receipt by initialing it. The reviewed receipt will then be filed away in the business office.

### *Financial Close and Reporting*

The Treasurer will produce the financial report(s) based on information obtained from the accounting system and will then submit them. After submission, a copy of the financial report(s) will be printed, and this along with supporting information will be provided to the Chief Financial Officer (CFO), Superintendent, and school board for their approval and review. If corrections are determined to be necessary, based on the review, those will be made by the Treasurer and the process will repeat.

After the reviewed financial report(s) are completed and filed, the Treasurer will closeout the year in the accounting system which will stop any recorded activity from being adjusted going forward.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-002***

Contact Person Responsible for Corrective Action: Whitney Dixon  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Beginning with the 2022-23 year, the Schedule of Expenditures of Federal Awards (SEFA) will be developed by the grant specialist. The SEFA will be reviewed by the Treasurer and placed on the Gateway System by the Treasurer. After the schedule is on the Gateway System, a hard copy will be printed and returned and approved by the Chief Financial Officer for review before the final submission.

Anticipated Completion Date:

August 2023



## CORRECTIVE ACTION PLAN

### **FINDING 2020-003**

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The School Corporation will document the review/oversight of disbursements from program funds prior to payment. Claims will be prepared and reviewed by Christopher Dixon, Director of Nutrition, or designee, and submitted to the Accounts Payable Specialist for payment. Claims will be initialed or signed demonstrating approval of disbursements. Accounts Payable Specialist enters claims into the financial software and pays claims after approval by the Chief Financial Officer and School Board. Documentation for claims will be kept in the business office.

Supporting documentation for Indirect Cost Rate Proposal applications and required documentation will be electronically filed in the business office.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-004***

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition and Chief Financial Officer, Dr. Robert Evans  
Contact Phone Number: 574-533-8631

Views of Responsible Official: In April 2022 Goshen Community Schools hired a new Director of Nutrition, Mr. Christopher Dixon. GCS Concur with the finding.

Description of Corrective Action Plan:

Cash Management-

GCS had not established internal controls to ensure the School Corporation was in compliance with the cash management requirement to limit net cash resources for three months. After the completion of the Annual Financial Report the SND will ensure there is a memo written to the IDOE explaining why the net cash balance in the School Lunch Fund is greater than three months average balance. This memo will include the plans to spend down the overage. The memo will be reviewed and approved at GCS by both the SND and the Chief Financial Officer prior to submission to the IDOE.

Anticipated Completion Date: March 2023



## CORRECTIVE ACTION PLAN

### **FINDING 2020-005**

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition  
Contact Phone Number: 574-533-8631

Views of Responsible Official: In April 2022 Goshen Community Schools hired a new Director of Nutrition, Mr. Christopher Dixon. GCS Concur with the finding.

#### Description of Corrective Action Plan:

The Director of Nutrition reviews paper free and reduced meal application. Paper applications are input into the nutrition software system. The determination is provided by the nutrition software system. The Director of Nutrition will complete a sample test of ten percent of all applications to ensure the software system's determination matches household income guidelines. If household income is at or below eligibility limits, the children in the household are approved for free or reduced status, as applicable.

Three percent of applications will be randomly selected by the food service system to verify parent information. The Director of Nutrition will verify the correct amount was selected and will verify the parent documentation. Notifications of status changes will be mailed accordingly. Direct Certification eligibility will be downloaded from IDOE CNPWeb. Documentation will be saved electronically by the Director of Nutrition.

The food service department will ensure that all completed free and reduced meal applications are properly saved and accessible for review. All applications will be saved for the 5-year time frame as required by the USDA or until the completion of an audit.

Anticipated Completion Date: October 2023



## CORRECTIVE ACTION PLAN

### **FINDING 2020-006**

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition and Sheryl Graves, Purchasing Specialist  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Micro-Purchases

The School Corporation will document the review/oversight of disbursements from program funds prior to payment. Claims will be prepared and reviewed by Christopher Dixon, Director of Nutrition, or designee, and submitted to the Accounts Payable Specialist for payment. Claims will be initialed or signed demonstrating approval of disbursements. Accounts Payable Specialist will enter claims into the financial software and pays claims after approval by the Chief Financial Officer and School Board. Documentation for claims will be kept in the business office.

#### Small Purchases

For Small Purchases, the School Corporation will obtain 3 quotes. Documentation of the 3 quotes are kept within the financial software system or electronically.

#### Simplified Acquisitions

Signed and approved contracts will be maintained and filed electronically by the Purchasing Specialist.

#### Suspension and Debarment

All contracts will include documentation from SAM.gov that the vendor has not been suspended or disbarred.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-007***

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition, and Tamara Cain, Deputy Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

Corrective Action Plan:

Program Income –

GCS will implement internal controls to ensure program income is receipted correctly into the School Lunch Funds. Training will be provided on the POS software for the school nutrition department. Funds received for the Prepaid Lunch fund will be processed by both the Bookkeeper and the Café Manager (dual review). Funds are then sent to the A/R clerk for deposit. The report from the POS software will be signed by the BK and Café Manager and reviewed by the Deputy Treasurer. These are daily reports. A monthly report will generated by the POS system and will be reviewed by the SND and Deputy Treasurer before prepaid food transfer to the School Nutrition Program will be completed. Fund transfer with supporting documentation will be entered by A/P and A/R specialists and approved by Deputy Treasurer.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-008***

Contact Person Responsible for Corrective Action: Christopher Dixon, Director of Nutrition and Tamara Cain, Deputy Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

Corrective Action Plan:

All transfers out of Fund 800 will include supporting documentation. Transfers will be entered by A/P and A/R specialists and approved by the Deputy Treasurer. Transfers out of Fund 800 will be limited to Indirect Cost transfers.

Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### **FINDING 2020-009**

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Activities Allowed or Unallowed and Period of Performance

Claims will be reviewed and approved by the Chief Financial Officer and entered by the Accounts Payable Specialist in the financial software system. Once entered into the software system the Board of School Trustees will approve a claim docket prior to payment issued to the vender.

Payroll reports will be reviewed by the Payroll Specialist and approved by the Treasurer or designee to ensure employees are paid from the proper funds and benefit amounts are correct.

Cash Management

Requests for reimbursement will not be submitted until the Treasurer has attached the supporting documentation from the financial software system (member schools will provide documentation). The documentation will be reviewed and approved by the Executive Director of ECSEC prior to submission to the Treasurer. The reimbursement request will require an approval signature from the Chief Financial Officer/Treasurer prior to submittal.

Completed as of: December 2022



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-010***

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer

Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Goshen Community Schools will establish controls to ensure that charges to federal awards for salaries and wages are based on records that accurately reflect the work performed. Procedures will be implemented provide assurances that proper documentation is maintained for the compensated activities.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### **FINDING 2020-011**

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer

Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Maintenance of Effort Documentation: Proper documentation of transactions from the financial software is attached to the MOE application which receives approval from the Director of ECSEC prior to submission.

Earmarking: All budgeted earmarked line items for items such as non-public schools will be entered into the financial software as individual line items in order to properly expense and reimburse earmarked funds.

Grant meetings are held and will be documented by minutes to ensure that communicated data has been verified and vetted.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### **FINDING 2020-012**

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Goshen Community Schools will work with responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to establish controls to ensure that charges to federal awards for salaries and wages are based on records that accurately reflect the work performed. Since the work performed takes place under ECSEC supervision and is outside of the direct control of Goshen Community Schools, procedures will be implemented for ECSEC representatives to provide assurances that proper documentation is maintained for the compensated activities. In addition, Goshen Community Schools will work with the responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to ensure any transfers made have supporting documentation.

Anticipated Completion Date: December 2022



## CORRECTIVE ACTION PLAN

### **FINDING 2020-013**

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Goshen Community Schools will work with responsible parties from the Elkhart County Special Education Cooperative (ECSEC) to establish controls to ensure that procedures are in place to ensure that an adequate number of price or rate quotes are obtained during the procurement process to meet the small purchases threshold.

Procedures will be put into place to ensure compliance with requirements to verify that vendors were not suspended or debarred from participation in federal programs.

Anticipated Completion Date: December 2022



## CORRECTED ACTION PLAN

### ***FINDING 2020-014***

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

All claims will be reviewed and approved by the Chief Financial Officer and entered by the Accounts Payable Specialist in the financial software system. Once entered into the software system the Board of School Trustees will approve a claim docket prior to payment issued to the vender.

Anticipated Completion Date: December 2022



## CORRECTED ACTION PLAN

### **FINDING 2020-015**

Contact Person Responsible for Corrective Action: Dr. Steven Hope, Superintendent, and Dr. Robert Evans, Chief Financial Officer  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

School Corporation management will improve internal controls to ensure compliance with the grant agreement and the compliance requirement area of Eligibility. School Management will retain supporting documentation of ADM and poverty figures, which will be reviewed by building Principals and approved by the Chief Financial Officer, Dr. Robert Evans, and Superintendent, Dr. Steven Hope, for the State Per Pupil Expenditure.

Non-public schools will provide the School Corporation enrollment data and poverty figures. This data will be manually entered by the School Corporation. This data will be reviewed by Associate Superintendent, Dr. Alan Metcalfe. The business office will retain the supporting documentation for non-public schools' student enrollments and poverty counts.

Anticipated Completion Date: October 2023



## CORRECTED ACTION PLAN

### **FINDING 2020-016**

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer

Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Level of Effort –

The Form 9 is prepared and submitted by the Treasurer. The Form 9 data is reviewed by the Chief Financial Officer to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code. The Chief Financial Officer, a member of the School Board, and the Superintendent sign the certification page after reviewing the Form 9.

Earmarking –

Department administration will be trained and directed to utilize the Title I Fiscal Guidance Handbook System provided by the Indiana Department of Education. An effective internal control system will be in place at the School Corporation in order to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Anticipated Completion Date: January 31, 2023



## CORRECTED ACTION PLAN

### ***FINDING 2020-017***

Contact Person Responsible for Corrective Action: Whitney Dixon, Treasurer

Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

#### Financial Reporting - Reimbursement Requests

Requests for Reimbursements including supporting documentation, including financial and programmatic records, will be retained for a period no less than three years from the date of submission of the final expenditure report.

Reimbursement Requests will be accompanied by supporting documentation to ensure expenditures are from the correct fund.

#### Special Report - Form 9

The Form 9 is prepared and submitted by the Treasurer. The Form 9 data is reviewed by the Chief Financial Officer to ensure the data used to complete the Form 9 was reported accurately in the correct fund, account, and object code. The Chief Financial Officer, a member of the School Board, and the Superintendent sign the certification page after reviewing the Form 9.

Anticipated Completion Date: January 31, 2023



## CORRECTED ACTION PLAN

### ***FINDING 2020-018***

Contact Person Responsible for Corrective Action: Grant Specialist, Samantha Smith, Whitney Dixon, Treasurer and Tracey Noe, Assistant Superintendent  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The Treasurer and Grant Specialist will ensure timely and meaningful consultation with each non-public school and receive a signed Affirmation of Consultation Form. For non-public schools that elect services, Grant Specialist and Treasurer will coordinate with the appropriate non-public school official to determine the appropriate services based on the academic needs of the private school students. Assistant Superintendent, Tracey Noe, reviews participating students and services to ensure non-public school students receive services.

Anticipated Completion Date: June 2023



## CORRECTED ACTION PLAN

### ***FINDING 2020-019***

Contact Person Responsible for Corrective Action: Dr. Lori Line, Assistant Superintendent

Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

To ensure oversight and to document a review process for the entering of mobility codes. Goshen High School will establish the following procedure:

- The Goshen High School Assistant Principal will regularly review all cohort records with the registrar tracking all enrollments and withdrawals.
- The Goshen High School Principal or designee will review and sign all withdrawal forms. This internal control will place two additional people to check cohort transfers and require an administrative signature on withdrawals.

Internal control systems and segregation of duties related to the changes that could result in a Real-Time Report changed will be prepared by each building secretary and a second review will be completed by a second individual in the building. The documented changes will be kept within the students cumulative file and/or in an appropriate change file for audit review.

Anticipated Completion Date: December 2022



## CORRECTED ACTION PLAN

### ***FINDING 2020-020***

Contact Person Responsible for Corrective Action: Tracey Noe, Assistant Superintendent and Regina Goodman, Corporation Test Coordinator  
Contact Phone Number: 574-533-8631

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The Curriculum Director, Assistant Superintendent, Tracey Noe, will develop procedural guidelines that include all the minimum requirements required in the Indiana Assessment Program Manual, to ensure the security of assessment testing. This is in addition to the existing process where all staff, except for bus drivers, view and sign a Testing Security and Integrity Agreement. This process is conducted by the Corporation Test Coordinator with oversight by Assistant Superintendent, Tracey Noe.

Anticipated Completion Date: December 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/>.