

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION

PARKE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED
02/28/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vonessia Harmon	07-01-20 to 06-30-23
Superintendent of Schools	Michael Schimpf	07-01-20 to 06-30-23
President of the School Board	P. Scott Ramsay	07-01-20 to 06-30-23



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 NORTH CENTRAL PARKE COMMUNITY
SCHOOL CORPORATION, PARKE 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 North Central Parke Community School Corporation (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 13, 2023, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 13, 2023



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 NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the North Central Parke Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2020 to June 30, 2022. 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.

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on Each Major Federal Program

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.

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 2022-001, 2022-002, and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

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.

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 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 2022-001, 2022-002, 2022-003, 2022-004, and 2022-005, 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, 2020 to June 30, 2022, and the related notes to the financial statement. We issued our report thereon dated February 13, 2023, 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

February 13, 2023

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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NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Child Nutrition-Breakfast Program			FY 21-22	\$ -	\$ -	\$ -	\$ 157,627
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
COVID-19 - School Breakfast Program			FY 20-21	-	6,144	-	-
Total - School Breakfast Program				-	6,144	-	157,627
National School Lunch Program	Indiana Department of Education	10.555					
Commodities			FY 20-21	-	107,651	-	-
National School Lunch Program			FY 21-22	-	-	-	374,467
Commodities			FY 21-22	-	-	-	83,571
Subtotal - National School Lunch Program				-	107,651	-	458,038
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
COVID-19 - National School Lunch Program			FY 21-22	-	12,782	-	-
Total - National School Lunch Program				-	120,433	-	458,038
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY 20-21	-	434,157	-	-
Summer Food Service Program			FY 21-22	-	-	-	8,426
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559					
COVID-19 - Summer Food Service Program for Children			FY 21-22	-	50,869	-	-
Total - Summer Food Service Program for Children				-	485,026	-	8,426
Total - Child Nutrition Cluster				-	611,603	-	624,091
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
P-EBT Administrative Costs			FY 21-22	-	-	-	23,386
Total - Pandemic EBT Administrative Costs				-	-	-	23,386
Total - Department of Agriculture				-	611,603	-	647,477

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611 Special Education #5205 FY19			19611-111-PN01	-	18,618	-	-
Part B 611 Special Education #5206 FY20			20611-111-PN01	-	161,702	-	35,903
Part B 611 Special Education #5207 FY21			21611-111-PN01	-	170,732	-	176,058
Part B 611 Special Education #5208 FY22			22611-111-PN01	-	-	-	150,393
Subtotal - Special Education Grants to States				-	351,052	-	362,354
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611 ARP Special Education #7911			NCP6375	-	-	-	3,696
Total - Special Education Grants to States				-	351,052	-	366,050
Special Education Preschool Grants	Indiana Department of Education	84.173					
Part B 619 Special Education Preschool #5407 FY21			21619-111-PN01	-	16,658	-	-
Part B 619 Special Education Preschool #5408 FY22			22619-111-PN01	-	-	-	17,031
Total - Special Education Preschool Grants				-	16,658	-	17,031
Total - Special Education Cluster (IDEA)				-	367,710	-	383,081
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A Basic Grant #4156 FY19			S010A190014	-	125,878	-	-
Title I Part A Basic Grant #4158 FY21			S010A210014	-	-	-	343,830
Title I Part A Basic Grant #4157 FY20			S010A200014	-	351,930	-	154,604
Total - Title I Grants to Local Educational Agencies				-	477,808	-	498,434
Rural Education	Indiana Department of Education	84.358					
Rural Low-Income Schools FY20			S358B200014	-	21,425	-	3,661
Rural Low-Income Schools FY21			S358B210014	-	-	-	27,229
Rural Low-Income Schools FY18			S358B180014	-	3,579	-	379
Rural Low-Income Schools FY19			S358B190014	-	17,456	-	4,500
Total - Rural Education				-	42,460	-	35,769
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA FY20			A367A200013	-	39,108	-	21,333
Title IIA FY18			S367A180013	-	1,430	-	-
Title IIA FY19			S367A190013	-	19,460	-	-
Title IIA FY21			S367A210013	-	-	-	45,277
Total - Supporting Effective Instruction State Grants				-	59,998	-	66,610

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
Education Innovation and Research Education Innovation and Research Mid Phase Grant	Indiana Department of Education/University of Indianapolis	84.411	U411B190018	-	3,574	-	94,262
Total - Education Innovation and Research				-	3,574	-	94,262
Student Support and Academic Enrichment Program Title IV Part A #5800 FY18 Title IV Part A #5801 FY19 Title IV Part A #5802 FY20 Title IV Part A #5803 FY21	Indiana Department of Education	84.424	S424A180015 S424A190015 S424A210015 S424A200015	- - - -	1,742 14,006 4,725 -	- - - -	- 6,746 4,751 19,525
Total - Student Support and Academic Enrichment Program				-	20,473	-	31,022
COVID-19 - Education Stabilization Fund Elementary & Secondary School Emergency Relief Fund (ESSER) CARES Governor's Emergency Education Relief Funds ESSER II ESSER III	Indiana Department of Education	84.425C 84.425C 84.425D 84.425U	18003 ESSER S425C200018 S425D210013 S425U210013	- - - -	215,052 100,000 - -	- - - -	243,666 7,500 985,278 292,290
Total - COVID-19 - Education Stabilization Fund				-	315,052	-	1,528,734
Total - Department of Education				-	1,287,075	-	2,637,912
<u>Department of Health and Human Services</u>							
Medicaid Cluster Medical Assistance Program Medicaid-IEP Medicaid-IEP	Indiana Family Social Services Administration	93.778	FY 2020 2021 FY 2021 2022	- -	48,298 -	- -	- 72,864
Total - Medical Assistance Program				-	48,298	-	72,864
Total - Medicaid Cluster				-	48,298	-	72,864
Total - Department of Health and Human Services				-	48,298	-	72,864
Total federal awards expended				\$ -	\$ 1,946,976	\$ -	\$ 3,358,253

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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2021 and 2022. 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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Unmodified
	Title I Grants to Local Educational Agencies	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 - School Breakfast 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 20-21, FY 21-22
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: 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 to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

A total of 40 food service program disbursements were selected for testing. Across four contracted vendors, there were 12 disbursements that had items purchased that were not charged in accordance with contracted prices. An additional 9 disbursements, from a single vendor, did not have supporting documentation to determine if the amount charged per the invoices agreed to the initial bid pricing documentation.

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 200.403 states in part:

"Except where otherwise authorized by statute, cost 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.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity. . . .
- (g) Be adequately documented. . . ."

Cause

Management had not developed an effective system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective system of internal control to ensure compliance and comply 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 2022-002

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, COVID-19 - School Breakfast 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 20-21, FY 21-22

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.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$150,000 per Indiana Code. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

The School Corporation did not obtain price or rate quotes for the sole vendor tested that was less than the simplified acquisition threshold of \$150,000, but exceeded the \$10,000 micro-purchase threshold. Documentation detailing the history of procurement, which must include the reason for the procurement method used, was not available for audit.

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(i) states:

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

2 CFR 200.320(b) (Uniform Guidance) states:

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

2 CFR 200.320 (Revised Uniform Guidance) states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319, for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) *Small purchases -*

(i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

Cause

Management had not developed or implemented an effective system of internal control that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-003

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): S010A190014, S010A200014,
S010A210014

Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility; Matching, Level of Effort, Earmarking
Audit Finding: Material Weakness

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 Eligibility and the Matching, Level of Effort, Earmarking compliance requirements.

Eligibility

The School Corporation had not designed or implemented policies and procedures to ensure that information submitted to the Indiana Department of Education (IDOE) for Enrollment and Poverty were supported by the School Corporation's records.

Level of Effort

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accurate reporting of Form 9 data submitted to the IDOE. The Form 9 data was utilized by the IDOE to calculate Maintenance of Effort and to complete State Per Pupil Expenditure (SPPE) Data reporting.

Earmarking

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the amount set aside for homeless was appropriately disbursed.

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). . . ."

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed or implemented a system of internal control that would have ensured compliance with the grant agreement and the Eligibility and the Matching, Level of Effort, Earmarking compliance requirements.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure compliance with the grant agreement and the Eligibility and the Matching, Level of Effort, Earmarking 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 2022-004

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): S010A190014, S010A200014, S010A210014

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

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not designed, nor implemented policies and procedures to ensure that documentation regarding the reason for a student's removal from the high school graduation cohort for mobility reasons was prepared and reviewed.

The School Corporation was unable to provide supporting mobility documentation for two of five students selected for testing.

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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
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). . . ."

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."

Cause

Management had not developed nor implemented a 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 internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement could result in the loss of future 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 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.

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-005

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425
Federal Award Numbers and Years (or Other Identifying Numbers): 18003ESSER, S425C200018,
S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition and Context

An effective internal control system was not designed, nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not designed, nor implemented a system of internal control to ensure that the annual Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) annual Data Collection reports (Reports) were complete and accurately submitted. The Reports were prepared by one employee without an oversight, review, or approval process in place to prevent, or detect and correct, errors.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed or implemented a system of internal control that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

NORTH CENTRAL PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

AUDITEE-PREPARED DOCUMENTS

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

North Central Parke Community School Corporation

602 Howard Avenue Rockville, IN 47872
Phone (765) 569-4190 - Fax (765) 569-4199
Superintendent Michael Schimpf



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: FY20

Status of Audit Finding:

Corrective action was taken.

FINDING 2020-002

Fiscal year in which the finding initially occurred: FY20

Status of Audit Finding:

Corrective action was taken.

North Central Parke Community School Corporation

602 Howard Avenue Rockville, IN 47872
Phone (765) 569-4190 - Fax (765) 569-4199
Superintendent Michael Schimpf



CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Tammy Breedlove, Food Service Director
Contact Phone Number: 765-569-4308

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The following internal control process has been added to the Business Office Handbook Effective February 1, 2023.

The Food Service Director will follow all guidelines as contained in the Child Nutrition Procurement Plan and retain all documentation in compliance with Child Nutrition regulations and State Law. Furthermore, the Food Service Director will ensure that the following procedures are in place:

1. Each School year, the Food Service Director will prepare 5 binders- 1 for each Cafeteria, 1 for the Food Service Director, and 1 for the Business Manager. These binders will contain all approved bids and price changes/vendor correspondence. It is the responsibility of the Food Service Director & Cafeteria Site Managers to update these binders as price changes occur. *Audit Evidence will be the contents in each binder for each school year.*
2. When invoices for goods are received, the Food Service Director is responsible for ensuring that the invoices are reviewed and crosschecked to the original order/ approved pricing by the Cafeteria Site Manager. Furthermore, the Food Service Director will also review the invoices/pricing and sign off on the claim voucher sheet as approval for the Business Manager to pay the invoice. *Audit Evidence: The Cafeteria Site Manager's signature on the invoices & the Food Service Director's signature on the claim voucher sheet.*

Anticipated Completion Date: Effective February 1, 2023

FINDING 2022-002

Contact Person Responsible for Corrective Action: Tammy Breedlove, Food Service Director
Contact Phone Number: 765-569-4308

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The following internal control process has been added to the Business Office Handbook Effective February 1, 2023.

It is the responsibility of the Food Service Director to ensure compliance and comply with the grant agreement and the Procurement and Debarment compliance requirements.

Each School year, the Food Service Director & Superintendent will present the West Central IN ESC Food Service Bids & any Food Service Small Purchase quotes to the School Board for review and approval. *Audit Evidence will be the Board packets and Board Minutes.*

Food Service Small Purchases- The Food Service Director will obtain quotes directly from the vendors or use the vendor's website/catalog to compare products and prices. The Food Service Director attends WCIESC procurement meetings to get the most up-to-date pricing information. It is the responsibility of the Food Service Director to keep all documentation. The Food Service Director will present the documentation to the Business Manager for review. Small Purchase Vendors will be approved by the School board each School Year. *Audit Evidence will be the quote documentation as well as the Board packets and Board Minutes.*

Anticipated Completion Date: March 15, 2023

FINDING 2022-003

Contact Person Responsible for Corrective Action: Mike Schimpf, Supt/ Title I Director, Kristin Bonomo
Contact Phone Number: 765-569-4191/ 765-569-4301

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Eligibility:

It is the responsibility of the Technology Director to ensure completeness and accuracy on the data retrieved from Harmony for the Data Exchange (formerly Real-Time Reports). It is the responsibility of the Technology Director to ensure timely & accurate uploads of Real Time Data. It is the Food Service Director's responsibility to ensure students are marked correctly and timely as Free/Reduced/Paid in the system. Furthermore, it is the Administration's responsibility to review the reports for accuracy and sign off on the reports. *Audit Evidence: Signatures and notations by Administrators*

The Title I Director, when completing the Title I Grant application, will ensure that the public school enrollment and poverty count numbers uploaded by the IDOE to the Title I portal are accurate within reason. Supporting Documentation, such as copies of real time reports, will be kept in the Title I Director files for comparison. *Audit Evidence: Title I Director Files will contain supporting documentation*

Level of Effort:

While the Superintendent and the School Board President have already been reviewing and signing off via the Form 9 Certification page. Furthermore, the Superintendent will now also review, make notations, and initial each page of the Form 9 report prepared by the Business Manager. *Audit Evidence: Superintendent notations, initials, and signatures*

Earmarking:

It is the responsibility of the Title I Director to ensure compliance with earmarking for homeless set-aside. Effective immediately, the Business Manager will provide the Title I Director and Superintendent monthly Title I appropriation balance reports for review. The Title I Director will work directly with the McKinney-Vento homeless liaison ensure that all homeless Set-Aside funding is properly disbursed prior to the end of the grant period. *Audit Evidence: Monthly Appropriation Reports, emails and other noted correspondence.*

Anticipated Completion Date: Effective immediately

FINDING 2022-004

Contact Person Responsible for Corrective Action: Mike Schimpf, Superintendent
Contact Phone Number: 765-569-4191

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The material weakness in graduation cohort supporting documentation was due to the performance of previous building administration at the High School. A new building Principal and Guidance counselor have replaced those individuals. It is the responsibility of the Superintendent to ensure that the new building administrators are following IC 20-26-13 for graduation Cohort rate determination. Effective immediately, the High School building Principal and HS Guidance counselor will be given a copy of the graduation Cohort compliance regulations. The Superintendent will monitor their compliance and supporting documentation as needed.

Anticipated Completion Date: Effective immediately

FINDING 2022-005

Contact Person Responsible for Corrective Action: Vonessia Harmon, Business Manager
Contact Phone Number: 765-569-4195

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Due to the unexpected COVID19 pandemic along with the addition of new ESSER & CARES grants & their various reporting requirements, the Business Manager failed to obtain review and signature from the Superintendent for the annual data collection reports.

Effective immediately, in addition to the monthly reimbursement requests, the Superintendent will also properly review & sign off on all State & Federal grant reporting documents prepared & submitted by the Business Manager. *Audit Evidence: Superintendent Signature & Date*

In the NCP Business Office Handbook; under Grants; the following has been added:
"The Superintendent will properly review and sign off on each reporting requirement to ensure accuracy."

Anticipated Completion Date: Effective immediately

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/>.