

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CLAY COMMUNITY SCHOOLS

CLAY COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED
03/02/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Business Affairs	Mark Shayotovich John Szabo	07-01-20 to 06-30-22 07-01-22 to 06-30-23
Superintendent of Schools	Jeffery Fritz	07-01-20 to 06-30-23
President of the School Board	Thomas Reberger	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 CLAY COMMUNITY SCHOOLS, CLAY 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 Clay Community Schools (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 16, 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, 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 item 2022-001, 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 item 2022-001.

Clay 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

February 16, 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 CLAY COMMUNITY SCHOOLS, CLAY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Clay 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, 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.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified 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 Child Nutrition Cluster for the period of July 1, 2020 to June 30, 2022.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified and Unmodified 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, 2020 to June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2020 to June 30, 2022.

Basis for Qualified and Unmodified 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.

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)

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.

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2022-003 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter 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 item 2022-005 for Matching, Level of Effort and 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.

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.

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)

- 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 2022-002 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.

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 2022-002, 2022-003, 2022-004, 2022-005, and 2022-006, to be material weaknesses.

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

A 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.

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 16, 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 16, 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.

CLAY COMMUNITY SCHOOLS
 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 Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			2021-2022	\$ -	\$ -	\$ -	\$ 639,324
School Breakfast Program			2020-2021	-	424,392	-	-
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	2020-2021	-	65,630	-	-
School Breakfast Program				-	-	-	-
Total - School Breakfast Program				-	490,022	-	639,324
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			2021-2022	-	-	-	1,973,677
National School Lunch Program - Commodities			2021-2022	-	-	-	240,218
National School Lunch Program - Commodities			2020-2021	-	194,879	-	-
National School Lunch Program			2020-2021	-	1,110,110	-	-
Subtotal - National School Lunch Program				-	1,304,989	-	2,213,895
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	2020-2021	-	166,704	-	-
National School Lunch Program				-	-	-	-
Total - National School Lunch Program				-	1,471,693	-	2,213,895
Total - Child Nutrition Cluster				-	1,961,715	-	2,853,219
Total - Department of Agriculture				-	1,961,715	-	2,853,219
Department of the Treasury							
COVID-19 - Coronavirus Relief Fund	Indiana Department of Education	21.019					
Cares Act Education Stabilization			5100COVIDRELIEF	-	2,006	-	-
Total - COVID-19 - Coronavirus Relief Fund				-	2,006	-	-
Total - Department of the Treasury				-	2,006	-	-
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants To States	Indiana Department of Education	84.027					
Special Education Part B - 611 2019-2021			H027A190084	-	163,273	-	-
Special Education Part B - 611 2020-2022			H027A200084	-	872,936	-	229,316
Special Education Part B-611 2021-2023			H027A210084	-	-	-	924,473
Total - Special Education Grants To States				-	1,036,209	-	1,153,789
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education - Pre School 619 2019-2021			H173A200104	-	41,011	-	-
Special Education - Pre School 619 2021-2023			H173A210104	-	-	-	34,737
Total - Special Education Preschool Grants				-	41,011	-	34,737
Total - Special Education Cluster (IDEA)				-	1,077,220	-	1,188,526
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education 2018-2019			V02A180014	-	64,205	-	-
Adult Education 2020-2021			V02A200014	-	-	-	2,836
Adult Education 2021-2022			V02A210014	-	-	-	56,437
Total - Adult Education Basic Grants to States				-	64,205	-	59,273

CLAY COMMUNITY SCHOOLS
 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
ESEA Title 1 2021-2022			S010A210014	-	-	-	732,291
ESEA Title 1 2020-2021			S010A200014	-	397,112	-	253,073
ESEA Title 1 2019-2020			S010A190014	-	323,477	-	709
Total - Title I Grants to Local Educational Agencies				-	720,589	-	986,073
Career and Technical Education - Basic Grants to States	Vigo County School Corporation	84.048					
Perkins Act 2019-2020			20-0512-8030	-	27,459	-	-
Perkins Act 2020-2021			21-0512-8030	-	-	-	21,633
Total - Career and Technical Education - Basic Grants to States				-	27,459	-	21,633
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title 2 2020-2022 Improving Teacher Quality			S367A200013	-	-	-	71,389
Title 2 2019-2021 Improving Teacher Quality			S367A190013	-	57,386	-	91,669
Title 2 2018-2020 Improving Teacher Quality			S367A180013	-	9,809	-	-
Total - Supporting Effective Instruction State Grants				-	67,195	-	163,058
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 2019-2021			S424A190015	-	48,103	-	8,462
Title IV 2020-2022			S424A200015	-	-	-	46,830
Title IV 2018-2020			S424A180015	-	2,600	-	-
Total - Student Support and Academic Enrichment Program				-	50,703	-	55,292
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Elementary and Secondary Schools Emergency Relief - II		84.425D	S425D200013	-	643,282	-	9,485
American Rescue Plan-Elementary and Secondary School Emergency Relief		84.425U	S425U210013	-	-	-	1,368,576
Elementary and Secondary Schools Emergency Relief - II		84.425D	S425D210013	-	-	-	1,576,735
Total - COVID-19 - Education Stabilization Fund				-	643,282	-	2,954,796
Total - Department of Education				-	2,650,653	-	5,428,651
Social Security Administration							
Disability Insurance/SSI Cluster							
Social Security - Disability Insurance	Indiana Family and Social Services Administration	96.001					
FY21 Disability			405DISAB_DET21	-	154	-	-
FY22 Disability			405DISAB_DET22	-	-	-	546
Total - Social Security Disability Insurance				-	154	-	546
Total - Disability Insurance/SSI Cluster				-	154	-	546
Total - Social Security Administration				-	154	-	546
Total federal awards expended				\$ -	\$ 4,614,528	\$ -	\$ 8,282,416

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

CLAY 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, 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.

CLAY 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
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I Grants to Local Educational Agencies	Qualified
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

Section II - Financial Statement Findings

FINDING 2022-001

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

Condition and Context

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

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

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

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

1. The COVID-19 - Coronavirus Relief Fund expenditures were overstated by \$641,276 for fiscal year 2020-2021 and \$9,485 for 2021-2022.
2. The COVID-19 - Education Stabilization Fund expenditures were understated by \$643,282 for 2020-2021 and \$9,485 for 2021-2022.
3. Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$685,746, in total.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

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

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

Cause

Management had not established an effective 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-002

Subject: Child Nutrition Cluster - 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
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2020-2021, 2021-2022
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 forty food service program disbursements were selected for testing. Fourteen disbursements across four contracted vendors had items purchased that were not charged in accordance with contracted prices. An additional thirteen 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:

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

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

2 CFR 200.403 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.
- (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 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 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.

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

FINDING 2022-003

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2020-2021, 2021-2022
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediate prior audit report. The prior audit finding number was 2020-004.

Condition and Context

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that proper procurement procedures for small purchases were followed. There was no oversight, review, or approval process in place and documented at the School Corporation to ensure proper procedures were followed and price or rate quotations were obtained.

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 six vendors tested that were 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. In addition, contracts were not awarded for two of the six vendors tested with purchases exceeding \$50,000.

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:

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

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

2 CFR 200.318(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 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.

(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. . . ."

Indiana Code 5-22-8-3 states in part:

"(a) . . . if the purchasing agent expects the purchase to be:

(1) at least fifty thousand dollars (\$50,000); and

(2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) . . . the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

Cause

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

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could 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 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 2022-004

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): S425D200013, S425D210013,
S425U210013

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

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) annual data reports (Reports) were complete and accurately submitted. The Reports were prepared by one employee without an oversight, or review process in place to detect and correct errors.

Additionally, for one of ten key line items tested the School Corporation did not accurately report the information. The Full-time Equivalent (FTE) positions as of March 13, 2020, and September 30, 2020, as required by the ESSER 1, Year 1 annual data report did not agree with the documentation provided.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the ESSER I, Year 1 report.

CLAY 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). . . ."

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 §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Cause

Management had not developed, nor 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 enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting 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 internal controls to ensure compliance and comply with 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.

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

FINDING 2022-005

Subject: Title I Grants to Local Educational Agencies - Matching, 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): S010A190014; S010A200014,
S010A210014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

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 Matching, Level of Effort, Earmarking compliance requirement.

Level of Effort - Supplement not Supplant

The School Corporation had not designed, nor implemented policies and procedures to ensure that all Title I schools received an equitable share of the state and local funds that it would have received had they not been receiving Title I funds.

The Title I applications included the methodology used to distribute state and local funds to all schools within the School Corporation; however, documentation was not presented for audit that reflected the actual calculation. Therefore, it could not be determined that the schools received an equitable share of the state and local funds.

Earmarking

The School Corporation had not designed, nor implemented policies and procedures to ensure that the required level of expenditures for Parent Involvement was met.

The School Corporation did not meet the required level of expenditures for Parental Involvement for the FY20 grant. The required amount for parental involvement was \$51,094 and the School Corporation had expenses of \$37.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance over Level of Effort - Supplement not Supplant was a systemic issue throughout the audit period. The noncompliance over the Earmarking compliance requirement was isolated to the S010A190014 grant award.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

20 USC 6321(b) states in part:

"Federal funds to supplement, not supplant, non-Federal funds

(1) In general

A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under this part, and not to supplant such funds.

(2) Compliance

To demonstrate compliance with paragraph (1), a local educational agency shall demonstrate that the methodology used to allocate State and local funds to each school receiving assistance under this part ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under this part. . . ."

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.

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

(ii) Supporting programs that reach parents and family members at home, in the community, and at school.

(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 developed, nor implemented an effective system of internal control that would have ensured compliance, or that supporting documentation be retained for audit, with the grant agreement and 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 Matching, Level of Effort, Earmarking 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, and retain all supporting documentation, 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 2022-006

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014,
S010A210014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting

Audit Finding: Material Weakness

CLAY 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 to ensure compliance with requirements related to the grant agreement and the Eligibility and the Reporting compliance requirements.

Eligibility

The School Corporation had not designed, nor implemented policies and procedures to ensure that information submitted to the Indiana Department of Education for Enrollment and Poverty were supported by the School Corporation's records.

Reporting

The School Corporation had not designed, nor implemented a system of internal control to ensure that the Annual Expenditure Report was complete and accurately submitted. The report was 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, nor implemented a system of internal control that would have ensured compliance with the grant agreement and the Eligibility and the Reporting compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish a system of internal control related to the grant agreement and the Eligibility and the Reporting compliance requirements.

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.

Mr. Jeffery Fritz, Superintendent
Dr. Timothy Rayle, Assistant Superintendent for Curriculum & Instruction
Mrs. Kathy Knust, Curriculum and Grants Coordinator
Mr. Chris Ross, Director of Human Resources
Mr. John Szabo, Director of Business Affairs
Mr. Aron Hammond, Director of Extended Services

1013 S. Forest Avenue
Brazil, IN 47834
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: John Szabo

Contact Phone Number: 812-442-0610

Status of Audit Finding:

Internal controls over recording financial transactions and reporting were implemented 7/1/2021 and are functioning as intended. After receipting payments into the bank, receipts are inputted into Komputrol by the deputy treasurer and reviewed by the insurance clerk.

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: John Szabo

Contact Phone Number: 812-442-0610

Status of Audit Finding:

This corrective action was not tested due to the corporation receiving an SSO waiver for the 2020-21 and the 2021-22 school years. Applications for verification will be selected by the Data Coordinator (presently Stephanie Jackson) and appropriate requesting documentation will be sent by the Data Coordinator to those selected. Returned materials will be directed to the Director of Human Resources, who will review the documentation and sign off on this as well as Stephanie.

FINDING 2020-003

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: John Szabo
Contact Phone Number: 812-442-0610

Status of Audit Finding:

The school corporation has not consistently followed the steps in the corrective action plan from the prior audit. This is largely due to turnover in key roles surrounding the monthly rolling average report. Director of Business Affairs (currently John Szabo) will prepare the report monthly, and the Director of Human Resources (currently Chris Ross) will review and sign off on the report monthly. This procedure was reinstated as of January, 2023.

FINDING 2020-004

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: John Szabo
Contact Phone Number: 812-442-0610

Status of Audit Finding:

The school corporation has not consistently followed the steps in the corrective action plan from the prior audit, largely due to turnover in staff. Due to the training of new employees, bids and/or quotes for purchases of between \$10,000 and \$150,000 were not always gathered.

When appropriate, the Food Services Director will employ a minimum three vendor rotation for Micro Purchases, and use effective reasoning when applicable. Director of Human Resource will review the use of these vendors on an ongoing basis.

For intermediate purchases between \$10,000 and \$150,000, the Asst. Food Services Director will solicit at least three quotes. Once a vendor is selected, a contract will be executed and signed by the Asst. Food Services Director and the Director of Human Resources or another designated Director.

For purchases over \$150,000, formal bidding procedures including proper advertising and formal Board of Trustees approval. Once a vendor is selected by the Board of Trustees a contract will be executed and signed by the Asst. Food Services Director and the Director of Human Resources or another designated Director.

Mr. Jeffery Fritz, Superintendent
Dr. Timothy Rayle, Assistant Superintendent for Curriculum & Instruction
Mrs. Kathy Knust, Curriculum and Grants Coordinator
Mr. Chris Ross, Director of Human Resources
Mr. John Szabo, Director of Business Affairs
Mr. Aron Hammond, Director of Extended Services

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FINDING 2022-001

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan:

The Schedule of Expenditures for Federal Awards (SEFA) will be prepared by the Director of Business Affairs (currently John Szabo). They will compile and input all information into the report, which will then be reviewed by the Assistant Superintendent (currently Tim Rayle) and Deputy Treasurer (currently Sheri Yocom). All will sign off on the completed report before submitting.

Anticipated Completion Date: August 31, 2023

FINDING 2022-002

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In order to monitor allowable costs, the Food Services Director (currently Patricia Woolery) will review billing statements and insure that costs being billed to the school corporation are consistent with purchasing agreements that are in place. Food Services Director will communicate with vendors and review any communication from vendors in regards to price variance of items. Even though it may not be reasonable to double check each individual item ordered, Food Services Director will spot check an appropriate number of items to insure accuracy of costs.

Anticipated Completion Date: August 1, 2023

FINDING 2022-003

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

When appropriate, the Food Services Director will employ a minimum three vendor rotation for Micro Purchases, and use effective reasoning when applicable. Director of Human Resource will review the use of these vendors on an ongoing basis.

For intermediate purchases between \$10,000 and \$150,000, the Asst. Food Services Director will solicit at least three quotes. Once a vendor is selected, a contract will be executed and signed by the Asst. Food Services Director and the Director of Human Resources or another designated Director.

For purchases over \$150,000, formal bidding procedures including proper advertising and formal Board of Trustees approval. Once a vendor is selected by the Board of Trustees a contract will be executed and signed by the Asst. Food Services Director and the Director of Human Resources or another designated Director.

Anticipated Completion Date: August 1, 2023

FINDING 2022-004

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Director of Business Affairs (currently John Szabo) will compile information and complete the Annual Reports, which will be reviewed and signed-off on by Assistant Superintendent (currently Tim Rayle) to ensure accuracy of information being submitted.

Anticipated Completion Date: Immediately, as of the next required report submission.

FINDING 2022-005

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Director of Business Affairs will maintain a workbook with regards to matching level of effort and earmarking. Calculations will be done periodically to ensure compliance, and this information will be reviewed and approved by the Title Grant Coordinator for the corporation (currently Tim Rayle). Periodically, with reimbursement requests made for expenditures from Title I grants, the Director of Business Affairs will check to make sure that the corporation is making the appropriate expenditures related to parent involvement. Director of Business Affairs will work with Title Grant Coordinator throughout the grant year to ensure that the corporation is on target to meet the minimum required expenditure level for this type of expenditure.

Anticipated Completion Date: July 2023.

FINDING 2022-006

Contact Person Responsible for Corrective Action: John Szabo, Director of Business Affairs
Contact Phone Number: 812-443-4461

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Real time reporting will be compiled by the Data Management Specialist (currently Stephanie Jackson) and will be reviewed by the Title I Grant Coordinator (currently Tim Rayle). Annual Financial reports will be compiled by the Director of Business Affairs (currently John Szabo), and prior to submission those reports will be reviewed by the Title I Grant Coordinator.

Anticipated Completion Date: July 2023

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/>.