

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MADISON CONSOLIDATED SCHOOLS

JEFFERSON COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED
03/08/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-9
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	12-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-31
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	34-36
Corrective Action Plan	37-39
Other Reports.....	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-20 to 06-30-23
Superintendent of Schools	Dr. Jeffrey T. Studebaker Daniel Noel (interim) Teresa Brown	07-01-20 to 03-31-22 04-01-22 to 07-13-22 07-14-22 to 06-30-23
President of the School Board	Rob Kring Jodi Yancey David Stories	07-01-20 to 10-07-20 10-08-20 to 12-31-22 01-01-23 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 MADISON CONSOLIDATED SCHOOLS, JEFFERSON 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 Madison Consolidated 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 21, 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 items 2022-001 and 2022-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

Madison Consolidated 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 21, 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 MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Madison Consolidated 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 COVID-19 - Education Stabilization Fund and Special Education Cluster (IDEA)

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 COVID-19 - Education Stabilization Fund and the Special Education Cluster (IDEA) for the period 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 year ended period 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.

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

Basis for 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.

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

Matters Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund and Special Education Cluster (IDEA)

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 Education Stabilization Fund and Special Education Cluster (IDEA), as described in items 2022-009 and 2022-005 for Special Tests and Provisions - Wage Rate Requirements and Earmarking, respectively. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to those programs.

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 84.010 Title I Grants to Local Educational Agencies as described in item 2022-003 for Eligibility. Consequently, we were unable to determine whether the School Corporation complied with the requirement applicable to that program.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-006, 2022-007, and 2022-008. 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 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, and 2022-009, 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 21, 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 21, 2023

(This page intentionally left blank.)

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.

MADISON CONSOLIDATED 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 FY22			FY 21-22	\$ -	\$ -	\$ -	303,657
School Breakfast Program FY21			FY 20-21	-	226,323	-	-
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program FY21			FY20-21	-	44,524	-	-
Total - School Breakfast Program				-	270,847	-	303,657
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program FY21			FY 20-21	-	668,970	-	-
School Lunch Program - Commodities FY21			FY 20-21	-	120,443	-	-
School Lunch Program - Commodities FY22			FY 21-22	-	-	-	173,794
School Lunch Program FY22			FY 21-22	-	-	-	1,114,902
SNP Emergency Funds FY22			FY21-22	-	-	-	62,441
Sub Total - National School Lunch Program				-	789,413	-	1,351,137
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 20-21	-	126,907	-	-
Total - National School Lunch Program				-	916,320	-	1,351,137
Total - Child Nutrition Cluster				-	1,187,167	-	1,654,794
Pandemic EBT Administrative Costs							
EBT Admin Costs	Indiana Department of Education	10.649					
			FY21-22	-	-	-	3,063
Total - Department of Agriculture				-	1,187,167	-	1,657,857
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611			19611-127-PN01	-	404,907	-	17,424
Part B 611			20611-127-PN01	-	-	-	933,294
Part B 611			21611-127-PN01	-	-	-	549,052
Total - Special Education Grants to States				-	404,907	-	1,499,770
Special Education Preschool Grants	Indiana Department of Education	84.173					
Part B 619			19619-127-PN01	-	726	-	-
Part B 619			20619-127-PN01	-	36,236	-	-
Part B 619			21619-127-PN01	-	-	-	36,270
Total - Special Education Preschool Grants				-	36,962	-	36,270
Total - Special Education Cluster (IDEA)				-	441,869	-	1,536,040
Title I Grants to Local Educational Agencies							
Title I	Indiana Department of Education	84.010					
Title I			S010A190014	-	210,282	-	495
Title I			S010A200014	-	279,818	-	302,694
Title I			S010A210014	-	-	-	291,750
Total - Title I Grants to Local Educational Agencies				-	490,100	-	594,939
Impact Aid							
Impact Aid FY22	Direct Grant	84.041					
Impact Aid FY21			FY 2021-2022	-	-	-	66,464
			FY 2020-2021	-	91,304	-	-
Total - Impact Aid				-	91,304	-	66,464

MADISON CONSOLIDATED 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
Career and Technical Education - Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048					
Perkins Basic Grant 20-21			21-0512-6120	-	-	-	49,565
Perkins Assessment Grant 20-21			21-0512-A42A	-	-	-	2,000
Perkins Leadership 20-21			21-0512-C42A	-	-	-	6,005
Perkins Basic Grant 21-22			22-0512-B42A	-	-	-	5,949
Total - Career and Technical Education - Basic Grants to States				-	-	-	63,519
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney-Vento Homeless			A58-7-17SS-3951	-	396	-	-
McKinney-Vento Homeless			S196A200015	-	-	-	4,474
Total - Education for Homeless Children and Youth				-	396	-	4,474
Rural Education	Indiana Department of Education	84.358					
Rural Low Income Grant			S424A210015	-	-	-	16,743
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			S365A180014	-	1,598	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Teacher Leadership Bootcamp			FY 2019-2020	-	2,580	-	-
Title II Part A			S367A180013	-	26,373	-	11,163
Title II Part A			S367A190013	-	49,632	-	56,756
Title II Part A			S367A200013	-	-	-	93,211
Total - Supporting Effective Instruction State Grants				-	78,585	-	161,130
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A180015	-	13,993	-	-
Title IV Innovation Grant			S424A190015	-	10,000	-	5,500
Title IV			S424A190015	-	-	-	42,085
Title IV			S424A200015	-	-	-	26,334
Total -Student Support and Academic Enrichment Program				-	23,993	-	73,919
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
GEER			S425C200018	-	16,935	-	-
CARES Grant			S425D200013	-	296,608	-	106,130
ESSER III			S425U210013	-	-	-	1,646,852
ESSER II			S425D210013	-	-	-	2,054,534
Total - COVID-19 - Education Stabilization Fund				-	313,543	-	3,807,516
Total - Department of Education				-	1,441,388	-	6,324,744
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming (MAC)			FY 2020-2021	-	36,397	-	-
Medicaid Administrative Claiming (MAC)			FY 2021-2022	-	-	-	22,481
Total - Medical Assistance Program				-	36,397	-	22,481
Total - Medicaid Cluster				-	36,397	-	22,481
Total - Department of Health and Human Services				-	36,397	-	22,481
Total federal awards expended				\$ -	\$ 2,664,952	\$ -	\$ 8,005,082

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

MADISON CONSOLIDATED 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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2022-001

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

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's financial statement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Treasurer uploaded the School Corporation's financial information into Gateway; however, there was not a documented review or approval of the data prior to submission that would have allowed for the detection or correction of errors on the financial statement.

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

1. The Prepaid Food fund was omitted from the financial statement, which resulted in beginning cash and investments, receipts and disbursements being understated by \$15,532, \$144,837, and \$114,196, respectively, for fiscal year 2020-2021. For 2021-2022, beginning cash and investments, receipts, and disbursements were understated by \$46,173, \$91,825, and \$86,129, respectively, for the Prepaid Food fund.
2. The Payroll Clearing fund was omitted from the financial statement, which resulted in beginning cash and investments, receipts, and disbursements being understated by \$225,430, \$10,118,150, and \$10,080,371, respectively, for 2020-2021. For 2021-2022, beginning cash and investments, receipts, and disbursements were understated by \$263,209, \$10,700,321, and \$10,513,491, respectively, for the Payroll Clearing fund.

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

Criteria

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

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

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

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

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

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

MADISON CONSOLIDATED 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 financial statement.

Effect

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

Views of Responsible Officials

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

FINDING 2022-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding related to internal controls from the immediately prior audit report. The prior audit finding number was 2020-001.

Condition and Context

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

The School Corporation did not document the review of the federal grant information entered into Gateway for fiscal year 2020-2021. Although one person entered the information into Gateway, and another reviewed the information, documentation of the review was not presented for audit. For 2021-2022, the School Corporation did not have internal controls in place to prevent, or detect and correct, errors on the SEFA.

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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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 could have occurred and remained undetected.

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 2022-003

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-007.

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 compliance requirement. Sufficient evidence was not presented for audit to verify that the information used to determine eligibility for the Title I program was accurate.

The Indiana Department of Education (IDOE) used the October 1 Real Time reports for fiscal years 2019-2020 and 2020-2021, as provided by the School Corporation, to determine Title I Eligibility for the 2020-2021 and 2021-2022 grant programs, respectively. The October 1 Real Time reports presented for audit differed from the amounts reported to the IDOE. The School Corporation could not provide an explanation for the variances.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 200.333 states in part:

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

Cause

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

Effect

The failure to provide sufficient audit evidence for the determination of eligibility prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

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 Eligibility compliance requirement.

Views of Responsible Officials

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-004

Subject: Title I Grants to Local Educational Agencies - Special Tests
and Provisions - 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 Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Special Tests and Provisions - Annual Report Card, High School Graduation Rate. The prior audit finding number was 2020-008.

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. The School Corporation had not established a system of internal control to ensure the proper exit code for leaving was entered and the proper supporting documentation for the exit was obtained for all applicable students.

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 designed 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 placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

FINDING 2022-005

Subject: Special Education Cluster (IDEA) - Earmarking

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 19611-127-PN01, 20611-127-PN01,
19619-127-PN01, 20619-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2020-010.

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.

Proportionate share is an amount of funds that must be expended on special education/related services for parentally-placed private school and homeschooled students. The amount to be spent is automatically calculated within each grant application.

The School Corporation had not designed, nor implemented policies and procedures to ensure that the required level of expenditures for non-public students was met for each grant. The School Corporation failed to maintain records of actual time spent providing services to the participating nonpublic schools for Non-Public Proportionate Share expenditures for the 19611-127-PN01, 19619-127-PN01, 20611-127-PN01, and 20619-127-PN01 grant awards. The salaries reported as expended for the non-public school expenditures were based on an estimate of time instead of actual time spent. As such, we could not verify that the minimum amount per grant award was expended.

The lack of internal controls and noncompliance were isolated to the 19611-127-PN01, 19619-127-PN01, 20611-127-PN01, and 20619-127-PN01 grant awards.

MADISON CONSOLIDATED 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 awards. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.403 states in part:

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

(g) Be adequately documented. . . ."

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

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2022-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
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

Repeat Finding

This is a repeat finding from the immediately 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.

Procurement

The School Corporation did not obtain price or rate quotes for purchases of milk or bread exceeding \$10,000 from an adequate number of sources, which fell under the small purchase procedures. Two of the five small purchase procurements tested in fiscal year 2020-2021 did not comply.

Suspension and Debarment

The School Corporation did not verify that all vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs. One of the five contracts tested for 2021-2022 did not comply.

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

MADISON CONSOLIDATED 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 200.318 states in part:

"(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327. . . ."

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

2 CFR 200.320(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 document 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: . . ."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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. . . ."

2 CFR 180.300 states:

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

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

Cause

Management had not established a 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 design and implement 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 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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-007

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
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 Equipment and Real Property Management compliance requirement.

The School Corporation had not designed, nor implemented a system of internal control over the addition of assets to the capital asset ledger. One employee was responsible for the preparation of the capital asset ledger, and the maintenance of the property records and required information, without a documented review or oversight process in place to detect and allow correction of errors.

Three construction projects initiated in the audit period were paid with ESSER grant funds. These projects were all partially completed during the audit period and pay applications were paid on all three projects. However, two of the three projects were not included in Construction in Progress on the School Corporation's capital asset ledger. Additionally, the School Corporation did not have a control process in place to ensure that a physical inventory was performed at least biannually. The School Corporation's last physical asset inventory was taken in 2018.

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 200.313(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
..."

Cause

Management had not developed, nor implemented a system of internal control that would have ensured compliance with the grant agreement and the Equipment and Real Property Management 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 Equipment and Real Property Management 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 related to the grant agreement and the Equipment and Real Property Management compliance.

Views of Responsible Officials

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

FINDING 2022-008

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listing Numbers: 84.425C, 84.425D, 84.425U

Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013,
S425U210013, S425D210013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

MADISON CONSOLIDATED 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 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 or review process in place to prevent, or detect and correct, errors.

Additionally, two of eight key line items examined were not able to be traced to the School Corporation's records. The School Corporation was unable to provide supporting documentation for Full Time Equivalent (FTE) figures that matched what was reported to the Indiana Department of Education. Variances ranged from 5.7 to 55.27.

The lack of internal controls was systemic throughout the audit period. Noncompliance was isolated to ESSER I and GEER I, year 1 annual reports.

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

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."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

FINDING 2022-009

Subject: COVID-19 - Education Stabilization Fund - Special
Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425U
Federal Award Number and Year (or Other Identifying Number): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
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 Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to its laborers and mechanics. Nonfederal entities are to include in its construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation entered into three construction projects during the year. Each contract contained a provision that the contract comply with applicable wage rate requirements, and that weekly payrolls be submitted to the School Corporation. However, the School Corporation did not have adequate policies or procedures to ensure that the certified payrolls were submitted for each week in which contract work was performed. No certified weekly payrolls were presented for audit for the three construction projects the School Corporation funded with Education Stabilization funds.

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). . . ."

48 CFR 22.406 6(a) states:

"*Submission.* In accordance with the clause at 52.222-8, Payrolls and Basic Records, the contractor must submit or cause to be submitted, within 7 calendar days after the regular payment date of the payroll week covered, for the contractor and each subcontractor, (1) copies of weekly payrolls applicable to the contract, and (2) weekly payroll statements of compliance. The contractor may use the Department of Labor Form WH-347, Payroll (For Contractor's Optional Use), or a similar form that provides the same data and identical representation."

Cause

Management had not designed or implemented a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements 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 - Wage Rate Requirements compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

David Storie, President
Jodie Yancey, Vice President
Jay Roney, Secretary
Michael Scott, Member
John Wallace, Member



Dr. Teresa A. Brown, Superintendent
2421 Wilson Avenue
Madison, IN 47250
812.274.8001

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2014

Status of Audit Finding:

The CFO will prepare the SEFA with accurate information and the Assistant to the CFO will review the SEFA. Documentation will be kept to ensure evidence of preparation, review, and approval of the SEFA. Due to staff turnover, this process was not able to be implemented for the FY22 federal award information upload. This will be implemented for FY23 and going forward.

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

We have stopped paying an administrator partially from this grant. All hourly employees paid out of the grant complete a time card for the hours worked. Semiannual certification is completed for salaried employees paid full out of the Child Nutrition Federal Grant.

The Food Service Coordinator and the finance assistant work together on checking all reporting for the grant, including the monthly program income spreadsheet.

Utilities charges to the program are based on indirect cost rate, and are reported on the annual report as indirect costs.

FINDING 2020-003

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

The food service coordinator and the finance assistant verify direct certification. Direct certifications are printed out and attached to free and reduced applications for students directly certified. We received an SSO waiver for both FY21 and FY22, so applications were not required to be collected.

FINDING 2020-004

Fiscal year in which the finding initially occurred: 2014

Status of Audit Finding:

The Food Service Coordinator follows our procurement procedures for all purchases. Food Service Coordinator documents that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing also vendors used through the Wilson Center. The Deputy Treasurer verifies procurement and suspension and debarment documentation is on file before payment is made. However, due to issues at the Wilson Center in FY21, the proper documentation was not always retained. Additionally, we received guidance during the audit from the SBOA that a “No results” search on the Sam.gov website is no longer considered proper verification that vendors are not suspended or debarred. Alternative procedures will be established following the audit’s exit conference.

FINDING 2020-005

Fiscal year in which the finding initially occurred: 2014

Status of Audit Finding:

The Food Service Coordinator calculates the meal price using the correct information. The finance assistant will review and sign the worksheet for accuracy and approve. They work together to allow proper segregation of duties and internal controls to ensure paid lunch equity is compliant to the requirements.

FINDING 2020-006

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding:

The Title I Specialist, payroll specialist, and the CFO have been working together to ensure we receive proper time and effort logs by all employees paid partially with Title I funds. The payroll department has distributed the payroll accounts according to the logs kept by employees. All employees paid 100% by Title I have completed a semiannual certification and approved by the supervisor or the Title I Compliance Specialist to be maintained by the CFO and or Payroll Specialist. Payroll adjustments have been printed off and reviewed and approved by a second person to ensure accuracy and approval. This process was implemented part-way through FY21.

FINDING 2020-007

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding:

We are still working to establish effective internal controls to documentation. We have had a high turnover rate in our data management position. We now have someone in the position that we believe will be able to help us get this documentation and make sure it remains accurate and correct. The enrollment report will be saved as of the count date to ensure that enrollment figures listed on the Title I application are accurate. This process will not be implemented until FY23

FINDING 2020-008

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

The high school is still working to create procedures for tracking enrollments, removals, transfers, expulsion, and graduation numbers. We have new high school principal this year. The High School principal will review and approve at least twice a year. This process will be implemented for FY23 going forward. The Testing Coordinator began keeping a spreadsheet to monitor staff compliance with assessment training and security agreements. This procedure was in place for the audit period.

FINDING 2020-009

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding:

Proper time and effort logs will be maintained by all employees paid partially from the Federal Special Education Grants. All time and effort logs will be reviewed by the Director of Special Education. Payroll department will distribute funds each payroll per the time and effort logs. Payroll has not paid anyone partially out of Part B unless they had a time and effort log. All employees paid 100% by the Federal Special Education Grants have a semiannual certification completed and signed by their supervisors or the special education director to be kept on file by the finance department. This process was implemented part-way through FY21.

FINDING 2020-010

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding:

All non-public expenditures will have account numbers with a project # of 600 to identify that they are non-public expenses. Time and Effort logs have been kept by employees working with non-public students. Logs are submitted to the payroll department, then accounts are distributed to match time actually spent with the non-public time spent per the time and effort logs. This process was implemented part-way through FY21.

FINDING 2020-011

Fiscal year in which the finding initially occurred: 2014

Status of Audit Finding:

Period of performance has been maintained. Payroll adjustments are printed and checked by the Assistant to the CFO and the CFO. A folder containing these adjustment reports is maintained, and reports are signed to document the review process. This process was implemented part-way through FY21.

David Storie, President
Jodie Yancey, Vice President
Jay Roney, Secretary
Michael Scott, Member
John Wallace, Member



Dr. Teresa A. Brown, Superintendent
2421 Wilson Avenue
Madison, IN 47250
812.274.8001
madison.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The CFO will prepare the AFR with accurate information and the Assistant to the CFO will review and sign off on the AFR. Documentation will be kept to ensure evidence of preparation, review, and approval of the AFR.

Anticipated Completion Date: 2/13/2023

FINDING 2022-002

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The CFO will prepare the SEFA with accurate information and the Assistant to the CFO will review and sign off on the SEFA. Documentation will be kept to ensure evidence of preparation, review, and approval of the SEFA.

Anticipated Completion Date: 2/13/2023

FINDING 2022-003

Contact Person Responsible for Corrective Action: Janet McCreary, Director of Curriculum, Instruction, & Assessments
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Data Management Specialist will save all reports submitted to the DOE. This will ensure that supporting documentation is kept that will be used determine Eligibility for Title I. The Title I Compliance Specialist/Grants & Compliance Specialist will verify the information for accuracy and keep documentation of the review.

Anticipated Completion Date: 2/13/2023

FINDING 2022-004

Contact Person Responsible for Corrective Action: Janet McCreary, Director of Curriculum, Instruction, & Assessments

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The high school will create procedures for tracking enrollments, removals, transfers, expulsion, and graduation numbers. Beginning in FY23, a cohort review is administered three times yearly (September, February, and June) by administration and school counselors. Student Services clerk reviews the withdrawal file for any student marked unknown or undetermined to obtain any necessary documentation and/or signatures. After review and confirmation of the appropriate mobility code and documentation, administration will work with the district technology team to correct errors in data exchange.

Anticipated Completion Date: 2/13/2023

FINDING 2022-005

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Starting in FY 2021 Time and Effort logs were kept by employees working with non-public students. Logs are submitted to the Director of Student Services and the payroll department, then accounts are distributed to match time actually spent with the non-public time spent per the time and effort logs.

Anticipated Completion Date: 2/13/2023

FINDING 2022-006

Contact Person Responsible for Corrective Action: Judy Brooks, Food Service Coordinator

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Food Service Coordinator will follow our procurement procedures for all purchases. Food Service Coordinator will document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing also vendors used through the Wilson Center. The Deputy Treasurer

will verify procurement and suspension and debarment documentation is on file before payment is made. When we are checking the vendors on the sams.gov website and there are no results found then we will also request the vendor to submit a suspended and debarred form.

Anticipated Completion Date: 2/13/2023

FINDING 2022-007

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We are in the process of contracting with a fixed asset company to perform a physical fixed asset review for MCS. The Assistant to the CFO and the CFO will monitor this process and perform a documented review of the asset ledger.

Anticipated Completion Date: 2/13/2023

FINDING 2022-008

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Documentation will be kept to ensure evidence of preparation, review, and approval of the Grant Reporting. Two individuals will sign off on all future reports and documentation will be kept on file.

Anticipated Completion Date: 2/13/2023

FINDING 2022-009

Contact Person Responsible for Corrective Action: Danica Houze, Chief Financial Officer
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In the future when we have construction projects being paid from federal funds we will request the contractor to submit payroll logs weekly to the Director of Facilities. We will also require them to include weekly payroll reports in the pay applications.

Anticipated Completion Date: 2/13/23

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/>.