

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SCHOOL CITY OF MISHAWAKA

ST. JOSEPH COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/09/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Alex Newman Tracey Bolin	07-01-20 to 12-27-22 12-28-22 to 12-31-23
Superintendent of Schools	Wayne Barker Dr. Theodore Stevens	07-01-20 to 06-30-22 07-01-22 to 06-30-23
President of the School Board	Richard C. Currey Holly Parks	07-01-20 to 12-31-20 01-01-21 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 SCHOOL CITY OF MISHAWAKA, ST. JOSEPH 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 School City of Mishawaka (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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

February 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 SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the School City of Mishawaka's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2020 to June 30, 2022. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002. 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, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, 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

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.

SCHOOL CITY OF MISHAWAKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	SY 2020-2021	\$ -	\$ 414,654	\$ -	\$ -
School Breakfast Program			SY 2021-2022	-	-	-	453,160
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	SY 2020-2021	-	12,847	-	-
School Breakfast Program							
Total - School Breakfast Program				-	427,501	-	453,160
National School Lunch Program	Indiana Department of Education	10.555	SY 2020-2021	-	1,190,063	-	-
0800 Food Service			SY 2020-2021	-	21,642	-	-
0800 School Lunch			SY 2020-2021	-	622	-	-
0800 Food Service			SY 2021-2022	-	-	-	2,223,074
0800 School Lunch			SY 2021-2022	-	-	-	55,343
Commodities			SY 2020-2021	-	244,468	-	-
Commodities			SY 2021-2022	-	-	-	310,096
Subtotal - National School Lunch Program				-	1,456,795	-	2,588,513
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	SY 2020-2021	-	16,865	-	-
School Lunch Program			SY 2021-2022	-	-	-	99,589
COVID-19 - National School Lunch Program							
Subtotal - COVID-19 - National School Lunch Program				-	16,865	-	99,589
Total - National School Lunch Program				-	1,473,660	-	2,688,102

SCHOOL CITY OF MISHAWAKA
 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
Summer Food Service Program for Children	Indiana Department of Education	10.559					
0800 School Lunch			SY 2020-2021	-	160,861	-	-
0800 School Lunch			SY 2021-2022	-	-	-	72,590
Total - Summer Food Service Program for Children				-	160,861	-	72,590
Total - Child Nutrition Cluster				-	2,062,022	-	3,213,852
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
0800 School Lunch			SY 2021-2022	-	-	-	3,063
Total - Department of Agriculture				-	2,062,022	-	3,216,915
Department of Housing and Urban Development							
CDBG - Entitlement Grants Cluster							
COVID-19 - Community Development Block Grants/Entitlement Grants	City of Mishawaka	14.218					
COVID-19 - Community Development Block Grants/Entitlement Grants			SY 2020-2021	-	20,000	-	-
COVID-19 - Community Development Block Grants/Entitlement Grants			SY 2020-2021	-	15,000	-	-
Total - Department of Housing and Urban Development				-	35,000	-	-
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
5202 Special-Ed K-12 (611) FY 2019			H027A180084 / 19611-039-PN01	-	38,525	-	-
5256 Special-Ed K-12 (611) FY 2020			H027A190084 / 20611-037-PN01	-	1,238,846	-	-
5256 Special-Ed K-12 (611) FY 2020			H027A190084 / 20611-037-PN01	-	-	-	116,349
5204 Special-Ed K-12 (611) FY 2022			H027A190084 / 22611-037-PN01	-	-	-	153,070
5203 Special-Ed K-12 (611) FY 2021			H027A200084 / 21611-037-PN01	-	76,279	-	-
5203 Special-Ed K-12 (611) FY 2021			H027A200084 / 21611-037-PN01	-	-	-	1,267,385
Subtotal - Special Education Grants to States				-	1,353,650	-	1,536,804
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
American Rescue Plan (ARP) 611 FY 2022			H027X210084 / 22611-037-ARP	-	-	-	37,485
Total - Special Education Grants to States				-	1,353,650	-	1,574,289

SCHOOL CITY OF MISHAWAKA
 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
Special Education Preschool Grants	Indiana Department of Education	84.173					
5492 Special-Ed Preschool (619) FY2020			20619-037-PN01	-	20,919	-	-
5493 Special-Ed K-12 (619) FY 2021			21619-037-PN01	-	38,694	-	-
5493 Special-Ed K-12 (619) FY 2021			H173A190104 / 21619-037-PN01	-	-	-	15,770
5494 Special-Ed Preschool (619) FY2022			H173A210104 / 22619-037-PN01	-	-	-	37,180
Total - Special Education Preschool Grants				-	59,613	-	52,950
Total - Special Education Cluster (IDEA)				-	1,413,263	-	1,627,239
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
4183 Title-I 2019-2020			S010A190014	-	410,273	-	-
4184 Title-I 2020-2021			S010A200014	-	1,076,237	-	-
4184 Title-I 2020-2021			S010A200014	-	-	-	186,508
4185 Title-I 2021-2022			S010A210014	-	-	-	1,051,208
Total - Title I Grants to Local Educational Agencies				-	1,486,510	-	1,237,716
English Language Acquisition State Grants	Indiana Department of Education	84.365					
6882 Title III FFY 2020 - 2020-2022			S365200014 / 01121-088	-	-	-	9,360
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
6843 Title-II Part A FFY 2018			S367A180013	-	64,454	-	-
6844 Title-II Part A FFY 2019 2019-2021			S367A190013	-	101,267	-	-
6844 Title-II Part A FFY 2019 2019-2021			S367A190013	-	-	-	128,713
6845 Title-II Part A FFY 2020 2020-2022			S367A200013	-	3,480	-	-
6845 Title-II Part A FFY 2020 2020-2022			S367A200013	-	-	-	145,889
6849 Title-II Part A - PBL Training FY 20/21			7000S367A180013	-	2,000	-	-
Total - Supporting Effective Instruction State Grants				-	171,201	-	274,602
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
5802 Title IV FY 19			S424A190015 / 2019-424-238	-	85,376	-	-
5802 Title IV FY 19			S424A190015 / 2019-424-238	-	-	-	2,034
5803 Title-IV FY 20			S424A200015	-	11,383	-	-
5803 Title-IV FY 20			S424A200015	-	-	-	74,351
Total - Student Support and Academic Enrichment Program				-	96,759	-	76,385

SCHOOL CITY OF MISHAWAKA
 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
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
7910 American Rescue Plan - Homeless Children and Youth (ARP-HCY) II		84.425W	7000S425W210015	-	-	-	55
7940 GEER		84.425C	S425C200018	-	10,605	-	-
7940 GEER		84.425C	S425C200018	-	-	-	107,954
7941 Cares Act - 2020 ESSER I		84.425D	S425D200013 / 7000-S425D200013	-	720,226	-	-
7941 Cares Act - 2020 ESSER I		84.425D	S425D200013 / 7000-S425D200013	-	-	-	200,164
7931 Cares Act 2.0 - 2020 ESSER II		84.425D	S425D210013	-	-	-	1,871,565
7923 Esser III - 2021		84.425U	S425U210013	-	-	-	3,098,589
Total - COVID-19 - Education Stabilization Fund				-	730,831	-	5,278,327
Total - Department of Education				-	3,898,564	-	8,503,629
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Family Social Services Administration	93.778					
Medicaid - IEP			SY 2020-2021	-	128,508	-	-
Medicaid - IEP			SY 2021-2022	-	-	-	149,642
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - MAC			SY 2020-2021	-	219,311	-	-
Medicaid - MAC			SY 2021-2022	-	-	-	147,330
Total - Medical Assistance Program				-	347,819	-	296,972
Total - Medicaid Cluster				-	347,819	-	296,972
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994					
5900 Title V - Maternal & Child Health			Maternal & Child Health Title	-	9,938	-	-
Total - Department of Health and Human Services				-	357,757	-	296,972
Total federal awards expended				\$ -	\$ 6,353,343	\$ -	\$ 12,017,516

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

SCHOOL CITY OF MISHAWAKA
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.

SCHOOL CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

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

No matters are reportable.

SCHOOL CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

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 Numbers: 84.425C, 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013,
S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the 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 their laborers and mechanics. Nonfederal entities are to include in their 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.

The School Corporation did not have adequate policies or procedures in place to ensure that the required certified payrolls were received. Certified payrolls from the contractors for each week in which contract work was performed during the audit period were not received weekly as required. The School Corporation requested and received the certified payroll documents at the completion of the audit.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SCHOOL CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

29 CFR 5.5 (a)(3)(ii)(A) states in part:

"The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with 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 and the Special Tests and Provisions - Wage Rate Requirements 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 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.

FINDING 2022-002

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: 84.425D
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013
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 in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

SCHOOL CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not properly maintain records for equipment purchased with grant funds. The School Corporation did not add eight of nine assets purchased with grant funds to the School Corporation's capital asset detailed ledger which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and the use and condition of the property nor were assets properly maintained and safeguarded. Additionally, the School Corporation was unable to provide documentation of a completed physical inventory during the audit period of July 1, 2020 to June 30, 2022.

The lack of internal controls and noncompliance were systemic issues through 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:

". . . (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.

(4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

SCHOOL CITY OF MISHAWAKA
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 Equipment and Real Property Management compliance requirement could have 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 Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



School City of Mishawaka

Creating a Culture of Excellence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

Corrective Action has taken place.

The Business Office meets regularly to review directives from the State Board of Accounts. This internal review ensures the proper reporting on the Schedule of Federal Awards (SEFA) with regard to Medicaid Reimbursements.

Administrative Center

1402 South Main Street • Mishawaka, IN 46544

Phone [574] 254-4500 • fax [574] 254-4585 • MishawakaSchools.com



School City of Mishawaka

Creating a Culture of Excellence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: 2020

Corrective Action has taken place.

School City of Mishawaka has compiled and stored all appropriate written documentation, as required by the Indiana Department of Education to support that students leaving School City of Mishawaka have enrolled in another school or education program that culminated in the award of a high school diploma, or immigrated to another country, or was deceased.

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School City of Mishawaka

Creating a Culture of Excellence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-003

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

Corrective Action has taken place.

School City of Mishawaka reviews all summary enrollment data from nonpublic schools to ensure accuracy and eligibility. Documentation of this review is accessible and available for review.

Administrative Center

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CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Steven Miskin, Director of Operations

Contact Phone Number: 574.254.4510

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Director of Operations and the Assistant Director of Operations will be made aware that 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 their laborers and mechanics. Nonfederal entities are to include in their 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. They will then inform the vendor of the requirements of what needs to accompany the invoice. The Accounts Payable Specialist will not issue a check unless all documentation is included with invoice.

Anticipated Completion Date: March 2023



CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action: Tracey R. Bolin, Director of Business Services

Contact Phone Number: 574.254.4503

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Accounts Payable Specialist will create a google spreadsheet that will include all capital assets that are paid in a docket. This spreadsheet will be shared with the Purchasing Coordinator and Assistant Director of Business Services. The Purchasing Coordinator will verify the assets are in the fixed asset program with the required information. A physical inventory will be conducted at least once every two years to prevent loss, damage, or theft of the assets and signed by the Purchasing Coordinator and the Assistant Director of Business Services. The Assistant Director of Business Services will verify the spreadsheet by using the Form 9 – Schedule of Capitalized Equipment Detail. The Assistant Director of Business Services and the Purchasing Coordinator will both sign the schedule.

Anticipated Completion Date:

- Implementation: March 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/>.