

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BEECH GROVE CITY SCHOOLS

MARION 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	Cathy Statzer Kathy Comado Julia Smith	07-01-20 to 05-14-21 05-15-21 to 03-01-22 03-02-22 to 06-30-23
Superintendent of Schools	Paul A. Kaiser, Ph.D. (Vacant) Dr. Laura Hammack	07-01-20 to 03-31-21 04-01-21 to 05-31-21 06-01-21 to 06-30-23
President of the School Board	April McManus Jannis King	07-01-20 to 12-31-21 01-01-22 to 12-31-23



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 BEECH GROVE CITY SCHOOLS, MARION 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 Beech Grove City 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 15, 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, as 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 items 2022-001 and 2022-002.

***Beech Grove City 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 15, 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 BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

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

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2020 to June 30, 2022.

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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies for the period of July 1, 2020 to June 30, 2022.

***Unmodified Opinion on the Other Major Federal Program***

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 its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2020 to June 30, 2022.

**Basis for Qualified and Unmodified Opinions**

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

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

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

*Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2022-003 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - School Food Accounts. Compliance with such requirements is necessary in our opinion, for the School Corporation to comply with the requirements applicable to that program.

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

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with 84.010 Title I Grants to Local Educational Agencies, as described in item 2022-004 for Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

**Responsibilities of Management for Compliance**

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-005 and 2022-007. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, and 2022-008, to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement. We issued our report thereon dated February 15, 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 15, 2023

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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BEECH GROVE CITY 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY22	\$ -	\$ -	\$ -	\$ 19,006
School Breakfast							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY21	-	19,201	-	-
School Breakfast							
Total - School Breakfast Program				-	19,201	-	19,006
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY21	-	13,629	-	-
Commodities			FY21	-	140,597	-	-
School Lunch			FY22	-	-	-	1,655,338
Commodities			FY22	-	-	-	191,291
Subtotal - National School Lunch Program				-	154,226	-	1,846,629
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY21	-	40,861	-	-
School Lunch							
Total - National School Lunch Program				-	195,087	-	1,846,629
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY21	-	1,041,117	-	-
Summer Food Service Program			FY22	-	-	-	42,218
Subtotal - Summer Food Service Program for Children				-	1,041,117	-	42,218
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY21	-	236,104	-	-
Summer Food Service Program for Children							
Total - Summer Food Service Program for Children				-	1,277,221	-	42,218
Total - Child Nutrition Cluster				-	1,491,509	-	1,907,853
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Child and Adult Care Food Program			FY21	-	188,954	-	-
Child and Adult Care Food Program			FY22	-	-	-	108,047
Total - Child and Adult Care Food Program				-	188,954	-	108,047
Pandemic EBT Administrative Cost	Indiana Department of Education	10.649	FY22	-	-	-	3,063
Total - Department of Agriculture				-	1,680,463	-	2,018,963

BEECH GROVE CITY 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
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
IDEA Part B			20611-145-PN01	-	12,547	-	214
IDEA Part B			21611-145-PN01	-	507,464	-	176,484
IDEA Part B			22611-145-PN01	-	-	-	522,413
Subtotal - Special Education Grants to States				-	520,011	-	699,111
COVID-19 - Special Education Grants to States ARP IDEA 611	Indiana Department of Education	84.027					
			22611-145-ARP	-	-	-	2,557
Total - Special Education Grants to States				-	520,011	-	701,668
Special Education Preschool Grants	Indiana Department of Education	84.173					
IDEA Preschool			20619-145-PN01	-	1,430	-	7,231
IDEA Preschool			21619-145-PN01	-	-	-	11,199
Total - Special Education Preschool Grants				-	1,430	-	18,430
Total - Special Education Cluster (IDEA)				-	521,441	-	720,098
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A190014	-	310,827	-	-
Title I			S010A200014	-	417,308	-	253,888
Title I			S010A210014	-	-	-	372,598
Total - Title I Grants to Local Educational Agencies				-	728,135	-	626,486
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			S365A180014	-	12,420	-	-
Title III			S365A190014	-	12,390	-	-
Title III			S365A200014	-	7,229	-	6,571
Title III			S365A210014	-	-	-	6,673
Total - English Language Acquisition State Grants				-	32,039	-	13,244
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			S367A190013	-	46,152	-	-
Title II Part A			S367A200013	-	84,577	-	-
Title II Part A			S367A210013	-	-	-	138,587
Total - Supporting Effective Instruction State Grants				-	130,729	-	138,587
Teacher and School Leader Incentive Grants TSL Grant	Indiana Department of Education	84.374A					
			S374A210017	-	-	-	144,211

BEECH GROVE CITY 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
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A180015	-	28,559	-	-
Title IV			S424A190015	-	32,983	-	27,472
Title IV			S424A200015	-	57,286	-	-
Title IV			S424A210015	-	-	-	61,461
Total - Student Support and Academic Enrichment Program				-	118,828	-	88,933
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
ESSER Fund		84.425D	S425D200013	-	333,300	-	339,223
ESSER Fund		84.425D	S425D210013	-	-	-	1,400,415
ESSER Fund		84.425U	S425U210013	-	-	-	2,721,551
Total - COVID-19 - Education Stabilization Fund				-	333,300	-	4,461,189
Total - Department of Education				-	1,864,472	-	6,192,748
<b>Department of Health and Human Services</b>							
CCDF Cluster							
Childcare and Development Block Grant	Indiana Department of Education	93.575					
Childcare and Development Block Grant			FY22	-	-	-	3,846
Total - CCDF Cluster				-	-	-	3,846
Medicaid Cluster							
Medical Assistance Program	Indiana Family Social Services Administration	93.778					
Medicaid - IEP			SY 2021	-	13,853	-	-
Medicaid - IEP			SY 2022	-	-	-	16,074
Subtotal - Medical Assistance Program				-	13,853	-	16,074
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - IMAC			SY 2021	-	142,935	-	-
Medicaid - IMAC			SY 2022	-	-	-	116,533
Subtotal - Medical Assistance Program				-	142,935	-	116,533
Total - Medical Assistance Program				-	156,788	-	132,607
Total - Medicaid Cluster				-	156,788	-	132,607
Total - Department of Health and Human Services				-	156,788	-	136,453
Total federal awards expended				\$ -	\$ 3,701,723	\$ -	\$ 8,348,164

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

BEECH GROVE CITY 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 to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Transferability of Fund**

As allowed by federal regulations, the School Corporation elected to transfer program funds. The School Corporation transferred and expended \$61,461 from Title IV Part A Supporting Effective Instruction State Grants to its Title I Grants to Local Educational Agencies. All amounts are reflected in the Title I Grants to Local Educational Agencies program in the SEFA.

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2022-001**

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

*Repeat Finding*

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

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

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

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

1. The Child Nutrition Cluster expenditures for fiscal year 2020-2021 were understated \$571,499.
2. The Medicaid Cluster expenditures for 2020-2021 and 2021-2022 were understated \$79,409 and \$132,607, respectively.
3. The Special Education Cluster (IDEA) expenditures were overstated by \$220,696 for 2020-2021.
4. The Title I Grants to Local Educational Agencies expenditures were overstated by \$112,441 for 2020-2021.
5. The English Language Acquisition State Grants expenditures were understated by \$130,729 for 2020-2021.
6. The Student Support and Academic Enrichment Program expenditures were understated by \$118,828 for 2020-2021.
7. The COVID-19 - Education Stabilization Fund expenditures were understated by \$333,300 for 2020-2021.

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

*Criteria*

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

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

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

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

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2022-002**

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

*Condition and Context*

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting.

The School Corporation had not separated incompatible activities related to monthly bank reconciliations. One employee prepared the monthly reconciliations without a documented oversight or review in place to prevent, or detect and correct, errors.

During the audit period, the School Corporation reported manual adjustments each month to reconcile the ledger and the bank statement. The largest manual adjustment was reported in September 2021 in the amount of \$740,502.

The School Corporation has subsequently worked to identify the errors and as of December 2022 the bank account was balanced to the ledger.

*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:

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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](#)."

*Cause*

Management had not established a proper system of internal control over monthly bank reconciliations.

*Effect*

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2022-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - School Food Accounts  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 20-21, FY 21-22  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - School Food Accounts  
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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts compliance requirements.

During the audit period, the School Corporation made one transfer from the Foodservice fund (School Lunch fund). The transfer was related to a completed remodeling project on the cafeteria and kitchen at the middle school. Expenses for the remodeling project were initially paid from Fund 160 (Operating). However, on April 30, 2022, the School Corporation made a transfer in the amount of \$300,000 from Fund 800 (School Lunch) to Fund 160 to cover a portion of the remodeling project expenses.

Based on inquiry of the School Corporation, the original intent was for the project to be paid jointly from the School Lunch fund and the Operating fund, with the School Lunch fund covering only equipment related expenditures. Documentation could not be provided to support this understanding, nor to show permission from the grantor agency, as required, to pay for a remodeling project from School Lunch funds. While price quotes for the equipment were provided, no additional supporting documentation, including invoices, of the expenditures paid could be provided. The above noted transfer was considered a questioned cost.

The lack of internal controls and noncompliance were isolated to the transfer of funds described above.

*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). . . ."

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.452 states:

"Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see § 200.439). These costs are only allowable to the extent not paid through rental or other agreements."

2 CFR 200.407 states in part:

"Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the time-frame or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part: . . .

(l) § 200.439 Equipment and other capital expenditures; . . ."

7 CFR 210.14(a) states in part:

*"Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. . . ."

*The USDA Food and Nutrition Service Guidance for State Agencies & School Food Authorities*, page 16, states in part:

". . . Renovating a School Kitchen

2 CFR 200.452 (see below), Maintenance and repair costs, identifies costs of normal repairs and alterations as allowable so long as they: (1) keep property in an efficient operating condition; (2) do not add to the permanent value of the property or appreciably prolong its intended life; and (3) are not otherwise included in rental or other agreements. Based on these principles, FNS has allowed limited renovations within the inside perimeter of a kitchen/cafeteria space with the required prior State agency approval (2 CFR 200.407 or FNS approval (7 CFR 210.14(a)) . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, the Allowable Costs/Cost Principles, and the Special Tests and Provisions - School Food Accounts compliance requirements.

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Activities Allowed or Unallowed, the Allowable Costs/Cost Principles, and the Special Tests and Provisions - School Food Accounts compliance requirements could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

Questioned costs were identified in the amount of \$300,000 as described in the *Condition and Context*.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - School Food Accounts compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2022-004**

Subject: Title I Grants to Local Educational Agencies - Earmarking  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
Assistance Listings Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): S010A190014, S010A200014,  
S010A210014

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-003.

*Condition and Context*

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

School Corporations with Title I grant awards exceeding \$500,000 are required to set aside at least 1 percent of the total allocation for parental involvement. The School Corporation was not able to identify and provide for audit all of the parental involvement expenditures for the applicable audit period.

The lack of internal controls and failure to maintain adequate supporting documentation were systemic issues throughout the audit period.

BEECH GROVE CITY 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). . . ."

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

**"(A) In general**

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

**(D) Use of Funds**

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

- (i) Supporting schools and nonprofit organizations in providing professional development for local educational agency and school personnel regarding parent and family engagement strategies, which may be provided jointly to teachers, principals, other school leaders, specialized instructional support personnel, paraprofessionals, early childhood educators, and parents and family members.
- (ii) Supporting programs that reach parents and family members at home, in the community, and at school.
- (iii) Disseminating information on best practices focused on parent and family engagement, especially best practices for increasing the engagement of economically disadvantaged parents and family members.
- (iv) Collaborating, or providing subgrants to schools to enable such schools to collaborate, with community-based or other organizations or employers with a record of success in improving and increasing parent and family engagement.
- (v) Engaging in any other activities and strategies that the local educational agency determines are appropriate and consistent with such agency's parent and family engagement policy."

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

20 USC 6313(c)(3) states in part:

**"(A) In General**

A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and
- (iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs. . . .

**(C) Homeless children and youths**

Funds reserved under subparagraph (A)(i) may be— . . .

- (ii) used to provide homeless children and youths with services not ordinarily provided to other students under this part, including providing—
  - (I) funding for the liaison designated pursuant to section 11432(g)(1)(J)(ii) of title 42; and
  - (II) transportation pursuant to section 11432(g)(1)(J)(iii) of such title."

*Cause*

Management had not developed a system of internal control that would have ensured compliance, or that supporting documentation would have been retained and made available for audit, related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to establish an effective internal control system and retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with 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 a system of internal control to ensure that documentation will be maintained and available for audit and to comply with the Matching, Level of Effort, Earmarking compliance requirement.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2022-005**

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, Other Matters

*Condition and Context*

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

School Corporations with participating non-public school children were required to enter the total enrollment and poverty count children into the Title I application. This is to ensure the proper count of non-public students are reported to the Indiana Department of Education in order for participating non-public students to receive Title I services.

The School Corporation had used the correct non-public school data when completing both Title I applications during the audit period. However, the total enrollment and poverty students at the non-public schools were incorrect for both years.

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). . . ."

34 CFR 200.64(a)(3)(i) states:

"To obtain a count of private school children from low-income families who reside in participating public school attendance areas, the LEA may –

(A) Use the same poverty data the LEA uses to count public school children;

(B)

(1) Use comparable poverty data from a survey of families of private school students that, to the extent possible, protects the families' identity; and

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (2) Extrapolate data from the survey based on a representative sample if complete actual data are unavailable;
- (C) Use comparable poverty data from a different source, such as scholarship applications;
- (D) Apply the low-income percentage of each participating public school attendance area to the number of private school children who reside in that school attendance area; or
- (E) Use an equated measure of low income correlated with the measure of low income used to count public school children."

*Cause*

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

*Effect*

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

*Questioned Costs*

No questioned costs were identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2022-006**

Subject: COVID-19 - Education Stabilization Fund - Activities Allowed  
or Unallowed, Allowable Costs/Cost Principles

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

Audit Finding: Material Weakness

*Condition and Context*

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

BEECH GROVE CITY SCHOOLS  
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(Continued)

The Business Manager reviewed each accounts payable voucher (APV) to ensure the expense was an allowable activity and adequately documented. If the claim was allowable and properly supported, the Business Manger signed the APV indicating approval. For 4 of 34 APVs tested, the Business Manager's approval was not present.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2022-007**

Subject: COVID-19 - Education Stabilization Fund - Equipment  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,  
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.

During fiscal year 2021-2022, the School Corporation purchased two buses totaling \$182,486 with Education Stabilization funds. The two buses were included on a fleet listing; however, the listing did not include the federal award identification number (FAIN) or percentage of federal participation, who holds title, the acquisition date, the location, and the use and condition of the property. Additionally, the School Corporation did not complete a physical inventory of equipment within the last two years.

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 states in part:

"The non-Federal entity must: . . .

(d) *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:

BEECH GROVE CITY 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. . . ."

*Cause*

Management had not developed 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 requirement.

*Views of Responsible Officials*

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

**FINDING 2022-008**

Subject: COVID-19 - Education Stabilization Fund - Reporting

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.425D, 84.425U

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

BEECH GROVE CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

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

The School Corporation had not designed, nor implemented, a system of internal control to ensure that the annual Elementary and Secondary School Emergency Relief (ESSER) annual Data Collection reports (Reports) were complete and accurately submitted. The Reports were prepared and submitted in JotForm, the online application used by the Indiana Department of Education to collect information, by the Business Manager without an oversight or review process in place to prevent, or detect and correct, errors.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

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

*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 Reporting compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

# ***Beech Grove City Schools***

5334 Hornet Avenue  
Beech Grove, IN 46107-2306  
Phone (317) 788-4481  
Fax (317) 782-4065  
www.bges.k12.in.us



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## SUMMARY SCHEDULE OF PRIOR FINDINGS

### FINDING 2020-001

Fiscal year in which the finding initially occurred: 2018

### STATUS OF AUDIT FINDING

Beginning with the June 30, 2022 SEFA report, the Superintendent will review and sign the SEFA report prior to submission in Gateway. This was not corrected from the prior audit until March 2022.

A handwritten signature in blue ink, appearing to read 'Julia Smith', written over a horizontal line.

Julia Smith, Business Manager

\_\_\_\_\_  
Date

# *Beech Grove City Schools*

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## SUMMARY SCHEDULE OF PRIOR FINDINGS

### FINDING 2020-002

Fiscal year in which the finding initially occurred: 2020

### STATUS OF AUDIT FINDING

Beginning in March 2022, the deputy treasurer will deposit the receipts and give them to the Business Manager. The Business Manager will enter the receipt into Skyward making sure it matches the deposit slip.

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## SUMMARY SCHEDULE OF PRIOR FINDINGS

### FINDING 2020-003

Fiscal year in which the finding initially occurred: 2020

### STATUS OF AUDIT FINDING

Beginning in March 2022, The Title I Director and the Business Manager will work closely to make sure the account lines and expenditures are correct on a monthly basis. The reimbursement form will be reviewed and signed. This was not corrected from the prior audit until March 2022.

A handwritten signature in blue ink, appearing to read 'Julia Smith'.

\_\_\_\_\_  
Julia Smith, Business Manager

\_\_\_\_\_  
Date

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## SUMMARY SCHEDULE OF PRIOR FINDINGS

### FINDING 2020-004

Fiscal year in which the finding initially occurred: 2020

### STATUS OF AUDIT FINDING

Beginning in March 2022, The Business Manager requested an 8400 transfer document at the end of each month. Beginning in December 2022 the Business Manager received March through December transfers. January 2023 the Foodservice Director will send the transfer paperwork each month.

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## SUMMARY SCHEDULE OF PRIOR FINDINGS

### FINDING 2020-005

Fiscal year in which the finding initially occurred: 2020

### STATUS OF AUDIT FINDING

Beginning in March 2022, The Foodservice Director sends all monthly invoicing and P&L report to the Business Manager to review, sign and give to A/P to be paid.

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## SUMMARY SCHEDULE OF PRIOR FINDINGS

FINDING 2020-006

Fiscal year in which the finding initially occurred: 2018

### STATUS OF AUDIT FINDING

Monthly foodservice balances will be reviewed at the end of each month by the Foodservice directors, the Business Manager and Superintendent.

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## CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: We will implement internal controls for the SEFA report. We will run histories and keep the supporting documentation. The Business Manager and Director of Grants will review prior to the Gateway submission

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: Monthly Bank Reconciliations will be printed and kept in a book for the Superintendent to sign off upon completion

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-003

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Foodservice Director and Business Manager will refer to the Guidance for State Agencies and School Food Authorities manual to ensure compliance for allowable costs.

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-004

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Director of Grants and the Business Manager will work together to ensure all supporting documentation is maintained and available for audit review.

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-005

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Director of Grants and the Business Manager will work together to ensure the entire roster will be included in the enrollment calculation

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-006

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: Accounts Payable and the Business Manager will make sure all invoices are signed and approved prior to payment.

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-007

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Director of Operations and the Business Manager will implement internal controls to verify all equipment purchased with federal dollars will be marked on the documentation.

Anticipated Completion Date: January 2023

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## CORRECTIVE ACTION PLAN

FINDING 2022-008

Contact Person Responsible for Corrective Action: Julia Smith, Business Manager  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Business Manager and Grants Director will ensure that all reporting requirements are met for all grants.

Anticipated Completion Date: January 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/>.