

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION

MONROE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/15/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Tate	07-01-20 to 06-30-23
Superintendent of Schools	Dr. Jerry Sanders	07-01-20 to 06-30-23
President of the School Board	Dana Robert Kerr	07-01-20 to 06-30-23



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

TO: THE OFFICIALS OF THE RICHLAND-BEAN BLOSSOM COMMUNITY
SCHOOL CORPORATION, MONROE 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 Richland-Bean Blossom Community School Corporation (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 14, 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 14, 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 RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION, MONROE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified 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 Education Stabilization Fund for the period of July 1, 2020 to June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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

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.

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)

Matter Giving Rise to Qualified Opinion on COVID-19 - Education Stabilization Fund

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 84.425 COVID-19 - Education Stabilization Fund as described in item 2022-002 for Special Tests and Provisions - Wage Rate Requirements. 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.
- 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.

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)

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 2022-003. 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 2022-001, 2022-002, and 2022-003, 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 14, 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 14, 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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RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 21-22	\$ -	\$ 296,197
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 20-21	14,870	-
Total - School Breakfast Program				<u>14,870</u>	<u>296,197</u>
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555			
Commodities			FY 21-22	-	995,836
SNP Emergency Funds			FY 20-21, FY21-22	103,581	127,115
			FY 21-22	-	3,447
Subtotal - National School Lunch Program				<u>103,581</u>	<u>1,126,398</u>
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555			
School Lunch Program			FY 20-21	34,401	-
Total - National School Lunch Program				<u>137,982</u>	<u>1,126,398</u>
Summer Food Service Program for Children					
Summer Food Service Program for Children	Indiana Department of Education	10.559			
Summer Food Service Program for Children			FY 20-21	670,496	-
Summer Food Service Program for Children			FY 21-22	-	40,659
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559			
Summer Food Service Program for Children			FY20-21	28,274	-
Total - Summer Food Service Program for Children				<u>698,770</u>	<u>40,659</u>
Total - Child Nutrition Cluster				<u>851,622</u>	<u>1,463,254</u>
Pandemic EBT Administrative Costs					
Pandemic EBT Administrative Funds	Indiana Department of Education	10.649			
			FY 21-22	-	614
Total - Department of Agriculture				<u>851,622</u>	<u>1,463,868</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Part B Section 611 for Special Education FY 2020			20611-061-PN01	393,003	3,705
Part B Section 611 for Special Education FY 2021			21611-061-PN01	150,751	466,847
Part B Section 611 for Special Education FY 2022			22611-061-PN01	-	44,043
Subtotal - Special Education Grants to States				<u>543,754</u>	<u>514,595</u>

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
COVID-19 - Special Education Grants to States American Rescue Plan of 2021 (ARP) for supplemental funding of IDEA Part B 611 Grant	Indiana Department of Education	84.027	22611-061-ARP	-	69,012
Total - Special Education Grants to States				543,754	583,607
Special Education Preschool Grants Special Education Preschool Grant 19619-063-PN01 FY19 Part B 619 Special Education Preschool Grant 20619-061-PN01 FY20 Part B 619 Special Education Preschool Grant 21619-061-PN01 FY 21 Part B 619 Special Education Preschool Grant 22619-061-PN01 FY22 Part B 619	Indiana Department of Education	84.173	19619-063-PN01 20619-061-PN01 21619-061-PN01 22619-061-PN01	1,554 10,573 16,489 -	- 2,015 8,867 10,953
Subtotal - Special Education Preschool Grants				28,616	21,835
COVID-19 - Special Education Preschool Grants American Rescue Plan of 2021 (ARP) for supplemental funding of IDEA Part B 619 Grant	Indiana Department of Education	84.173	22619-061-ARP	-	447
Total - Special Education Preschool Grants				28,616	22,282
Total - Special Education Cluster (IDEA)				572,370	605,889
Title I Grants to Local Educational Agencies Title I Grants to Local Education Agencies 2019 Part A ESEA Title I Grants to Local Education Agencies 2020 Part A ESEA Title I Grants to Local Education Agencies 2021 Part A ESEA	Indiana Department of Education	84.010	S010A190014 S010A200014 S010A210014	49,309 255,765 -	- 82,812 182,529
Total - Title I Grants to Local Educational Agencies				305,074	265,341
School Safely National Activities The TIMS Project: A Trauma-Informed Multi-Tiered Systems of Support School-Based Mental Health Partnership for School Psychologists in Training	Direct Grant	84.184	S184X190033	417,492	701,450
Supporting Effective Instruction State Grants Title II Part A FFY 2018 Supporting Effective Instruction Title II Part A FFY 2019 Supporting Effective Instruction Title II Part A FFY 2020 Supporting Effective Instruction	Indiana Department of Education	84.367	S367A180013 S367A190013 S367A200013	21,885 49,183 13,677	2,000 24,054 66,081
Total - Supporting Effective Instruction State Grants				84,745	92,135
Student Support and Academic Enrichment Program FY18 Title IV Part A Student Support and Academic Enrichment FY 19 Title IV Part A Student Support And Academic Enrichment FY 20 Title IV Part A Student Support And Academic Enrichment	Indiana Department of Education	84.424	S424A180015 S424A190015 S424A200015	12,919 10,250 10,519	- 12,595 11,040
Total - Student Support and Academic Enrichment Program				33,688	23,635

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425			
Governor's Emergency Education Relief Fund (GEERF) 2020			S425C200018	162,169	331
The CARES Act for FY 20			S425D200013	145,809	83,692
ESSER II (CRRSA) FY 2021			S425D200013	-	955,217
ESSER III (ARP) FY21			S425U200013	-	267,877
Total - COVID-19 - Education Stabilization Fund				<u>307,978</u>	<u>1,307,117</u>
Total - Department of Education				<u>1,721,347</u>	<u>2,995,567</u>
<u>Department of Health and Human Services</u>					
CCDF Cluster	Indiana Department of Education	93.575			
Child Care and Development Block Grant					
Child Care and Development Block Grant (CCDF)			2101INCSC6	-	76,175
Total - CCDF Cluster				<u>-</u>	<u>76,175</u>
Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education	93.778			
Medical Admin Claiming FY21			FY 20-21	77,476	-
Medical Admin Claiming FY2			FY 21-22	-	32,917
Medical IEP FY21	Indiana Department of Homeland Security		FY 20-21	78,908	-
Medical IEP FY22			FY 21-22	-	100,040
Total - Medical Assistance Program				<u>156,384</u>	<u>132,957</u>
Total - Medicaid Cluster				<u>156,384</u>	<u>132,957</u>
Total - Department of Health and Human Services				<u>156,384</u>	<u>209,132</u>
<u>Department of Homeland Security</u>					
Disaster Grants Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036			
FEMA FY 21			PA-05-IN-4515-PW-00095 (0)	19,594	-
FEMA FY22			PA-05-IN-4515-PW-00095 (1)	-	12,241
Total - Department of Homeland Security				<u>19,594</u>	<u>12,241</u>
Total federal awards expended				<u>\$ 2,748,947</u>	<u>\$ 4,680,808</u>

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2021 and 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Forest Hills Special Education Cooperative

The School Corporation is a member of the Forest Hills Special Education Cooperative and serves as the fiscal agent. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member School Corporations as appropriate.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.184	Special Education Cluster (IDEA)	Unmodified
84.425	School Safety National Activities	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Qualified

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.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

Subject: COVID-19 - Education Stabilization Fund - Equipment
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013,
S425U200013
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 designed, nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation used federal funds for equipment purchases related to an HVAC construction project. The School Corporation appropriately listed the purchase in its property records as required but failed to include a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, and the percentage of federal participation in the project costs for the federal award under which the property was acquired.

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

Criteria

2 CFR 200.303 states in part:

"The Non-Federal entity must:

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

2 CFR 200.313(d)(1) states:

"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 sales price of the property."

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system enabled 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 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.

FINDING 2022-002

Subject: COVID-19 - Education Stabilization Fund - Special
Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425

Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013,
S425U200013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

An effective internal control system was not designed, nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to 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.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have adequate policies or procedures to ensure that contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. One contract during the audit period was subject to wage rate requirements; however, the contract did not have the required prevailing wage rate clause included in the contract nor were certified payrolls submitted by the contractor.

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). . . ."

29 CFR 5.5 states in part:

"(a) The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, the following clauses . . .

(1) *Minimum wages.*

- (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. . . .

(3) *Payrolls and basic records.* . . .

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(ii) (A) 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). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. . . ."

2 CFR 200 Appendix II states in part:

"In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . ."

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, 'Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction'). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . ."

Cause

Management had not developed or implemented a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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.

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-003

Subject: School Safety National Activities - Procurement
Federal Agency: Department of Education
Federal Program: School Safety National Activities
Assistance Listings Number: 84.184
Federal Award Number and Year (or Other Identifying Number): S184X190033
Compliance Requirement: Procurement and Suspension and Debarment
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 Procurement and Suspension and Debarment compliance requirement.

Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

The School Corporation did not obtain price or rate quotes for two vendors that were tested during the audit period, that were less than the simplified acquisition threshold of \$150,000 but exceeded the \$10,000 micro-purchase threshold. The School Corporation did not provide documentation to support the rationale to limit competition. Additionally, documentation detailing the history of procurement, which must include the reason for the procurement method used, selection of the vendor, and the basis for the price, was not available for audit.

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

Criteria

2 CFR 200.303 states in part:

"The Non-Federal entity must:

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318(i) states:

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

2 CFR 200.320 states in part:

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

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

(2) *Small purchases -*

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

Cause

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

Effect

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

RICHLAND-BEAN BLOSSOM COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Richland-Bean Blossom Community School Corporation

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal Year: 2020

Status of Audit Finding:

The School Corporation has developed Internal Control procedures over the Federal Child Nutrition Cluster award information entered into the Indiana Gateway for government units (Gateway), which is a financial reporting system used to complete the School Corporations SEFA. The Corporation Treasurer generates data from the State of Indiana and the School Financial Software system, and the Nutrition Services Director or authorized staff members then reviews and approved with either initials or email the information entered prior to submission. The Superintendent and Corporation Treasurer or another authorized staff member then approves the final Gateway report after submission.

This procedure was fully implemented in August 2021.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal Year: 2020

Status of Audit Finding:

The School Corporation has developed Internal Control procedures over the Federal Child Nutrition Cluster to ensure compliance with requirements related to the grant agreement and the eligibility compliance requirement. The Nutrition Services Director prepares and initials the Eligibility reports and documentation each year to determine eligibility based on the eligibility guidelines. This information is reviewed and initialed by an authorized staff member such as the Deputy Treasurer.

This procedure was fully implemented in June 2020.



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Corrective Action Plan

Finding 2022-001

Contact Person Responsible for Corrective Action: Matthew Irwin, Assistant Superintendent
Contact Number: 812-876-7100

View of the Responsible Official: Richland-Bean Blossom C.S.C. concurs with finding 2022-001.

Description of Corrective Action Plan:

The School Corporation will develop Internal Control procedures over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

The School Corporation will maintain and include detailed information of Equipment and Real Property records required per the federal compliance supplement document.


This information will be reviewed and implemented by the Corporation Treasurer, Assistant Superintendent or another authorized staff member.

Anticipated Complete Date: Implementation of Corrective Action Plan will be set in places as of March 2023.

Signed: 

Dated: 2-8-23

Dr. Jerry Sanders
Superintendent

Signed: 

Dated: 2-8-23

Matthew Irwin
Assistant Superintendent



Richland-Bean Blossom Community School Corporation

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Corrective Action Plan

Finding 2022-002

Contact Person Responsible for Corrective Action: Matthew Irwin, Assistant Superintendent
Contact Number: 812-876-7100

View of the Responsible Official: Richland-Bean Blossom C.S.C. concurs with finding 2022-002.


Description of Corrective Action Plan:

The School Corporation will develop Internal Control procedures over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.


The School Corporation will develop and maintain a system to review construction contracts in excess of \$2,000 financed by federal assistance fund and verify they are meeting the Federal Special Test and Provision – Wage Rate Requirements.

This information will be reviewed and implemented by the Corporation Treasurer, Assistant Superintendent or another authorized staff member.

Anticipated Complete Date: Implementation of Corrective Action Plan will be set in places as of March 2023.

Signed:  Dated: 2-8-23

Dr. Jerry Sanders
Superintendent

Signed:  Dated: 2-8-23
Matthew Irwin
Assistant Superintendent



Richland-Bean Blossom Community School Corporation

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Finding 2022-003

Contact Person Responsible for Corrective Action: Jennifer Anderson, Student Services/Special Education Director. Contact Number: 812-876-6325

View of the Responsible Official: Richland-Bean Blossom C.S.C. concurs with finding 2022-003.

Description of Corrective Action Plan:

The School Corporation will develop Internal Control procedures over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The School Corporation will develop and maintain an effective internal control system, which would include segregation of duties and would ensure compliance with requirements related to the grant agreement as well as following compliance requirements for Procurement and Suspension and Debarment. The School Corporation will have a control in place to ensure that proper procurement requirements regarding the Small Purchases threshold are met. The School Corporation will retain the appropriate amount of quotes needed and document if there is a unique situation with a vendor where quotes cannot be received.

This information will be reviewed and implemented by the Corporation Treasurer, Student Services/Special Education Director or another authorized staff member.

Anticipated Complete Date: Implementation of Corrective Action Plan will be set in places as of 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/>.