

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION

DUBOIS 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	Allison Pund	07-01-20 to 06-30-23
Superintendent of Schools	Timothy LaGrange	07-01-20 to 06-30-23
President of the School Board	Jon Menke	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 SOUTHWEST DUBOIS COUNTY  
SCHOOL CORPORATION, DUBOIS 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 Southwest Dubois County 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 27, 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 27, 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 SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

We have audited the Southwest Dubois County 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 Special Education Cluster (IDEA)***

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 Special Education Cluster (IDEA) for the period of July 1, 2020 to June 30, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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

**Basis for Qualified and Unmodified Opinions**

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

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 Special Education Cluster (IDEA)*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA), 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.
- 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, 2022-002, 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 and significant deficiencies.

We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, and 2022-004, 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, to be significant deficiencies.

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 27, 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 27, 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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SOUTHWEST DUBOIS COUNTY 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 2021	\$ 9,688	\$ -
School Breakfast Program			FY 2022	-	227,070
Total - School Breakfast Program				9,688	227,070
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY 2021	41,886	-
National School Lunch Program			FY 2022	-	983,492
Commodities			FY 2021/2022	117,721	146,503
Total - National School Lunch Program				159,607	1,129,995
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 2021	937,990	-
Summer Food Service Program for Children			FY 2021	-	11,343
Subtotal - Summer Food Service Program for Children				937,990	11,343
COVID-19 - Summer Food Service Program for Children					
Summer Food Service Program for Children	Indiana Department of Education	10.559			
			FY 2021	273,445	-
Total - Summer Food Service Program for Children				1,211,435	11,343
Total - Child Nutrition Cluster				1,380,730	1,368,408
Total - Department of Agriculture				1,380,730	1,368,408
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
FY 2020 PART B IDEA			20611-009-PN01	221,061	8,150
FY 2021 Part B IDEA 611			21611-009-PN01	195,834	251,331
FY 2022 Part B 611 IDEA			22611-009-PN01	-	229,479
Subtotal - Special Education Grants to States				416,895	488,960
COVID-19 - Special Education Grants to States					
FY 2022 Part B ARP	Indiana Department of Education	84.027			
			22611-009-ARP	-	29,945
Total - Special Education Grants to States				416,895	518,905

SOUTHWEST DUBOIS COUNTY 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
Special Education Preschool Grants	Indiana Department of Education	84.173			
FY 2020 Part B 619 Preschool			20619-009-PN01	6,643	-
FY 2021 Part B 619 Preschool			21619-009-PN01	14,445	2,808
FY 2022 Part B 619 Preschool			22619-009-PN01	-	15,598
Subtotal - Special Education Preschool Grants				<u>21,088</u>	<u>18,406</u>
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173			
FY 2022 Part B Preschool ARP			22619-009-ARP	-	846
Total - Special Education Preschool Grants				<u>21,088</u>	<u>19,252</u>
Total - Special Education Cluster (IDEA)				<u>437,983</u>	<u>538,157</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2019-2020			S010A190014	25,030	-
Title I 2020-2021			S010A200014	149,436	14,885
Title I 2021-2022			S010A210014	-	158,117
Title I School Improvement 2020-2021			S010A200014	13,082	-
Title I School Improvement 2019-2020			S010A190014	<u>109,002</u>	<u>-</u>
Total - Title I Grants to Local Educational Agencies				<u>296,550</u>	<u>173,002</u>
Migrant Education State Grant Program	Indiana Department of Education	84.011			
SIEC Migrant Education 2018-2020			S011A180014	580,599	338,956
SIEC Migrant Education 2020-2022			S011A200014	-	75,269
SIEC Migrant Education 2019-2021			S365A190014	<u>309,752</u>	<u>1,158,136</u>
Total - Migrant Education State Grant Program				<u>890,351</u>	<u>1,572,361</u>
Special Education - State Personnel Development ICTQ Grant	Indiana University	84.323	2021/2022	-	28,132
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III 2018-2020			S365A180014	11,014	-
SIEC Title III 2019-2021			S365A190014	33,375	-
Title III 2019-2021			S365A190014	9,951	-
Title III 2020-2022			S365A190014	7,886	-
SIEC Title III 2020-2022			S365A190014	3,744	-
Title III 2020-2022			S365A190014	-	36,804
Title III 2019-2021			S365A190014	-	23,209
SIEC Title III 2020-2022			S365A190014	-	20,993
SIEC Title III 21-23			S365A210014	<u>-</u>	<u>10,697</u>
Total - English Language Acquisition State Grants				<u>65,970</u>	<u>91,703</u>

SOUTHWEST DUBOIS COUNTY 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
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
PBL Training Program Grant			2020/2021	1,998	-
PBL Training Program Grant			2021/2022	-	3,485
Title II 2019-2021			S367A190013	2,392	485
Title II 2020-2022			S367A200013	18,428	9,214
Total - Supporting Effective Instruction State Grants				22,818	13,184
Education Innovation and Research	University of Indianapolis	84.411			
RECN Grant			U411B190018	-	31,021
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV 2018-2020			S424A180015	27	-
Title IV 2020-2022			S424A200015	10,000	-
Title IV 2021-2023			S424A210015	-	10,480
Total - Student Support and Academic Enrichment Program				10,027	10,480
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425			
SIEC GEER		84.425C	S425C200018	86,029	209,468
CARES Act Education Stabilization Relief		84.425D	S425D200013	84,197	57,827
ESSER II		84.425D	S425D210013	-	285,338
SIEC REACH Grant Program		84.425U	S425U210013	-	66,615
ESSR III		84.425U	S425U210013	-	48,318
Total - COVID-19 - Education Stabilization Fund				170,226	667,566
Total - Department of Education				1,893,925	3,125,606
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medical Assistance Program	Indiana Department of Education	93.778			
Medicaid Assistance Program			2020/2021	50,262	-
Medicaid Assistance Program			2021/2022	-	34,068
Total - Medical Assistance Program				50,262	34,068
Total - Medicaid Cluster				50,262	34,068
Total - Department of Health and Human Services				50,262	34,068
Total federal awards expended				\$ 3,324,917	\$ 4,528,082

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

SOUTHWEST DUBOIS COUNTY 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. Exceptional Children's Cooperative**

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement of the School Corporation.

**Note 4. GEER I Fiscal Agent**

The School Corporation was a participant in a joint application with other Local Educational Agencies (LEAs) to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. The School Corporation serves as the fiscal agent for the grant. As a result, some of the activity for the GEER award that is presented as receipts and disbursements on the financial statement is not presented as federal awards expended on the SEFA for the School Corporation. This activity is reported on the SEFAs of each participating LEA as appropriate.

SOUTHWEST DUBOIS COUNTY 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?	yes
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
84.425	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Qualified
	COVID-19 - Education Stabilization Fund	Unmodified

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

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

No matters are reportable.

SOUTHWEST DUBOIS COUNTY 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 - 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 Requirement: Allowable Costs/Cost Principles  
Audit Findings: Significant Deficiency, Other Matters

*Condition and Context*

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

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. One employee was paid from ESSER I and ESSER II grant awards and also from other funding sources. Adequate time records were not maintained for the employee to determine if the proper amount was charged to the federal award. The total amount charged to the federal award of \$28,599 was considered a questioned cost.

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 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

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

*Questioned Costs*

Questioned costs of \$28,599 were identified as detailed in the *Condition and Context*.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2022-002**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425D  
Federal Award Number and Year (or Other Identifying Number): S425D200013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

One of five annual reports required to be completed during the audit period contained material errors. The Elementary and Secondary School Emergency Relief (ESSER I), Year 1 annual data report overstated total expenditures made between March 13, 2020, and September, 30, 2020, by \$130,918. In addition, documentation provided for the number of full-time employee positions did not support the amounts reported.

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 200.334 states in part:

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .
- (3) Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2022-003**

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, 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 2021, FY 2022  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

An internal control system was designed and implemented, but not effective, at the School Corporation to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Monthly Sponsor Claims for Reimbursement (Claims) were submitted to the Indiana Department of Education based upon meals served for the month. The monthly Claims were prepared by the Food Service Director and reviewed by the Business Manager; however, the internal control was not effective to prevent, or detect and correct, errors. For three of the seven monthly Claims tested, there were differences between the Claims submitted and the School Corporation's summary meal count reports. The three Claims had less meals served than the School Corporation's summary meal count reports, which resulted in underclaimed meals.

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

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
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). . . ."

7 CFR 210.8(a) states in part:

"*Internal controls.* The school food authority shall establish internal controls which ensure the accuracy of meal counts prior to the submission of the monthly Claim for Reimbursement. . . ."

(2) *School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with 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.

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2022-004***

Subject: Special Education Cluster (IDEA) - Earmarking  
Federal Agency: Department of Education  
Federal Program: Special Education Grants to States  
Assistance Listings Number: 84.027  
Federal Award Number and Year (or Other Identifying Number): 21611-009-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Matching, Level of Effort, Earmarking  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The School Corporation is a member of the Exceptional Children's Co-op (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its member schools. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the School Corporation was responsible for ensuring and providing oversight of the Cooperative. There was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 21611-009-PN01 grant award could not be verified for the individual member schools. Total grant expenditures were posted as expended. The non-public proportionate share expenditures were determined by applying a percentage to the non-public school budgeted expenditures. These were the amounts reported to the IDOE. As such, we were unable to identify if the minimum amount per the grant award was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance was isolated to the 21611-009-PN01 grant award.

*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). . . ."

SOUTHWEST DUBOIS COUNTY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.403 states in part:

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

(g) Be adequately documented. . . ."

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

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

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

*Cause*

The School Corporation's management had not developed an effective system of internal controls that would have ensured compliance with the grant agreements and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective system of internal controls, as well as appropriately document and identify federal award expenditures to ensure compliance 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.

#### AUDITEE-PREPARED DOCUMENTS

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



**SOUTHWEST  
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SCHOOL CORPORATION**

**Allison Pund, Business Manager**  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-001***

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Finding has been corrected. Business manager reviews the calculation and confirms it is correct.





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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-002***

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Finding has been corrected. Food Service Director ensures the system is operating correctly, by reviewing applications.





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## CORRECTIVE ACTION PLAN

### ***FINDING 2022-001***

Contact Person Responsible for Corrective Action: Allison Pund and Melissa Boeglin  
Contact Phone Number: 812-683-3971

Views of Responsible Official: We concur to the finding.

Description of Corrective Action Plan: Southwest Dubois will develop a system of internal controls that will ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The Corporation will do so by maintaining adequate time records, to insure the proper amount was charged to the Federal Awards.

Anticipated Date of Completion: March 2023





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## CORRECTIVE ACTION PLAN

### ***FINDING 2022-002***

Contact Person Responsible for Corrective Action: Allison Pund and Melissa Boeglin  
Contact Phone Number: 812-683-3971

Views of Responsible Official: We concur to the finding.

Description of Corrective Action Plan: Southwest Dubois will develop a system of internal controls that will ensure reporting compliance requirements are met. The corporation will assure one individual is completing the reports and another is verify the reports.

Anticipated Date of Completion: March 2023





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CORRECTIVE ACTION PLAN

***FINDING 2022-003***

Contact Person Responsible for Corrective Action: Allison Pund and Ora Lee Cotton

Contact Phone Number: 812-683-3971

Views of Responsible Official: We concur to the finding.

Description of Corrective Action Plan: Southwest Dubois will develop a system of internal controls that will ensure reporting compliance requirements are met. The corporation will assure one individual is completing the claims/reports and another is verify the reports.

Anticipated Completion Date: March 2023





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## CORRECTIVE ACTION PLAN

### ***FINDING 2022-004***

Contact Person Responsible for Corrective Action: Timothy LaGrange  
Contact Phone Number: 812-683-3971

Views of Responsible Official: We concur to the finding.

Description of Corrective Action Plan: Southwest Dubois and the DSP Exceptional Child's Co-op have created a system of internal controls that will ensure reporting compliance requirements are met. The Co-op has developed a shared file for each of their staff that is participating in the requirements for the proportionate share. This will be a detailed list of dates and duties that were applied to the proportionate share of each member school corporation. This list will be printed and attached to the grant records and can also be provided to each member corporation if requested.

Anticipated Date of Completion: May 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/>.