

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NEW PRAIRIE UNITED SCHOOL CORPORATION

LAPORTE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/17/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James G. Holifield (Vacant) Tim Scott	07-01-20 to 05-26-22 05-27-22 to 06-19-22 06-20-22 to 06-30-23
Superintendent of Schools	Dr. Paul White	07-01-20 to 06-30-23
President of the School Board	Phillip King	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 NEW PRAIRIE UNITED SCHOOL  
CORPORATION, LAPORTE 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 New Prairie United 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002.

***New Prairie United School Corporation's Response to Findings***

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

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

February 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 NEW PRAIRIE UNITED SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

We have audited the New Prairie United 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 noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the 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, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2022-003 for Earmarking. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the 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**

*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, as described in the accompanying Schedule of Findings and Questioned Costs as item 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 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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NEW PRAIRIE UNITED 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	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2020-2021	\$ -	\$ 256,048	\$ -	\$ -
School Breakfast Program			FY 2021-2022	-	-	-	386,331
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2020-2021	-	109,927	-	-
Total - School Breakfast Program				-	365,975	-	386,331
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2020-2021	-	725,459	-	-
School Lunch Program			FY 2021-2022	-	-	-	1,276,477
Commodities			FY 2020-2021	-	79,920	-	-
Commodities			FY 2021-2022	-	-	-	79,507
Sub Total - National School Lunch Program				-	805,379	-	1,355,984
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2020-2021	-	177,474	-	-
Total - National School Lunch Program				-	982,853	-	1,355,984
Total - Child Nutrition Cluster				-	1,348,828	-	1,742,315
Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
			FY 2021-2022	-	-	-	3,063
Total - Department of Agriculture				-	1,348,828	-	1,745,378
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education			20611-053-PN01	-	350,208	-	-
Special Education			21611-053-PN01	-	242,754	-	-
Special Education			21611-053-PN01	-	-	-	398,310
Special Education			22611-053-PN01	-	-	-	167,002
Total - Special Education Grants to States				-	592,962	-	565,312



NEW PRAIRIE UNITED 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	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
Student Support and Academic Enrichment Program Title IV 2019-2020 Title IV 2019-2020	Indiana Department of Education	84.424	S424A190015 S424A200015	- -	14,535 -	- -	- 7,950
Total - Student Support and Academic Enrichment Program				-	14,535	-	7,950
COVID-19 - Education Stabilization Fund ESSER CARES Act ESSER II 2020-2023 ESSER II 2020-2023	Indiana Department of Education	84.425 84.425D 84.425U 84.425D	S425D200013 S425U210013 S425D210013	- - -	238,448 - -	- - -	68,793 599,012 305,638
Total - COVID-19 - Education Stabilization Fund				-	238,448	-	973,443
Total - Department of Education				-	1,412,310	-	1,996,638
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program Medicaid - IEP Medicaid - IEP	Indiana Family and Social Services Administration	93.778	FY2021 FY2022	- -	40,643 -	- -	- 71,970
Medical Assistance Program Medicaid - MAC Medicaid - MAC	Indiana Department of Education	93.778	FY2021 FY2022	- -	23,178 -	- -	- 20,438
Total - Medical Assistance Program				-	63,821	-	92,408
Total - Medicaid Cluster				-	63,821	-	92,408
Total - Department of Health and Human Services				-	63,821	-	92,408
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA-Covid 19	Indiana Department of Homeland Security	97.036	135972 146603	-	154,465	-	-
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	154,465	-	-
Total - Department of Homeland Security				-	154,465	-	-
Total federal awards expended				\$ -	\$ 2,979,424	\$ -	\$ 3,834,424

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

NEW PRAIRIE UNITED 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. South LaPorte County Special Education Cooperative**

The School Corporation is a member of the South LaPorte County Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative.

NEW PRAIRIE UNITED 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2022-001**

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

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Segregation of duties for cash and investments and financial reporting had not been properly designed or implemented to prevent, or detect and correct, errors.

NEW PRAIRIE UNITED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash and Investments (Bank Reconciliations)*

The School Corporation did not properly ensure implementation of internal control processes over cash and investments, including bank reconciliations, to ensure the accuracy and completeness of the ledgers continued after a change in personnel.

One employee performed the bank reconciliations without a documented oversight or review process to ensure the bank reconciliations were prepared timely and accurately.

*Financial Reporting*

The School Corporation had not established effective internal controls to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement.

The School Corporation omitted the financial activity and balances of five clearing funds from the financial statement. In addition, several reported funds' receipts, disbursements, and other financing sources and uses did not agree to the ledger.

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

1. Cash and investments balances were understated by \$5,627 as of July 1, 2020.
2. Receipts and disbursements were understated by \$23,060,778 and \$25,622,483, respectively.
3. Other financing sources and uses were understated by \$3,594,669 and \$811,910, respectively.
4. Cash and investment balances were overstated by \$5,338,836 as of June 30, 2022.

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

*Criteria 16*

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

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

NEW PRAIRIE UNITED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

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

*Cause*

Management had not established a proper system of internal controls over financial transactions and reporting.

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2022-002**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-002.

*Condition and Context*

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

NEW PRAIRIE UNITED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and other employees reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. The School Breakfast Program expenditures were understated by \$71,434.
2. The National School Lunch Program expenditures were understated by \$304,764, and Commodities expenditures were overstated by \$133,564.
3. The COVID-19 - Education Stabilization Fund expenditures were understated by \$638,675.
4. The Title I Grants to Local Educational Agencies expenditures were understated by \$293,656.
5. The Medicaid Cluster was omitted, which understated expenditures by \$156,229.
6. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$16,607, in total.
7. Other errors included incorrect federal grantor agency names, program names, cluster names, pass-through entities, and identifying numbers.

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

*Criteria*

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

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

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

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

NEW PRAIRIE UNITED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR section 200.510 (b) states:

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

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

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

*Cause*

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

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

*Views of Responsible Officials*

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

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

**FINDING 2022-003**

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 Numbers and Years (or Other Identifying Numbers): 20611-053-PN01, 21611-053-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Matching, Level of Effort, Earmarking  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

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

*Condition and Context*

The School Corporation is a member of the South LaPorte County Special Education Cooperative (Cooperative). 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.

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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 20611-053-PN01 and 21611-053-PN01 grant awards 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 awards was expended and properly reported to the IDOE as required.

The lack of internal controls and noncompliance was isolated to the 20611-053-PN01 and 21611-053-PN01 grant awards.

*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 200.403 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.

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*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.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-001 Financial Transactions***

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

- Receipts: All receipts to Debt Service Funds will be reviewed and approved by a second member of the NPUSC Business Office.
- Payroll Disbursement: Payroll disbursement will, at a minimum, be verified by a second member of the NPUSC Business Office.
- Other Financing Services: All surplus materials identified to be sold will be listed and approved by the NPUSC Board of Trustees prior to any sale of such items.

Completion Date: June 2021

*Tim Scott  
Director of Finance/Corp. Treasurer  
New Prairie United School Corporation  
5327 N. Cougar Road*



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-002* Preparation of the Schedule of Expenditures of Federal Awards**

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Audit Finding: Not Corrected

Internal controls and compliance over SEFA is an ongoing process.

*Tim Scott  
Director of Finance/Corp. Treasurer  
New Prairie United School Corporation  
5327 N. Cougar Road*



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-003***

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Sue Aikman

Contact person Phone Number: 574-654-0402

Status of Audit Finding: Corrected

The Food Service department has a Procurement Plan in place that is in line with the NPUSC one. Any small purchase over the amount of \$10,000.00 requires 3 price quotes. The procurement rules set by the USDA are incorporated into the plan and all items are documented.

All food purchases are contracted via NIESC or HPS. They maintain SAM and Debarment certifications on their websites, which are readily available to the NPUSC Food Service Director and Administrative Assistant.

Most supply purchases are contracted via NIESC or HPS. They maintain SAM and Debarment certifications on their websites, which are readily available to the NPUSC Food Service Director and Administrative Assistant.

Other items are vetted on an as needed basis.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-004***

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: Sue Aikman

Contact person Phone Number: 574-654-0402

Status of Audit Finding: Corrected

Controls were established, and supporting documentation was maintained to ensure compliance with the grant agreement and the Cash Management compliance requirement.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-005***

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: Sue Aikman

Contact person Phone Number: 574-654-0402

Status of Audit Finding: Partially Corrected

New Prairie has ensured a system to ensure sales to students and adults were adequately charged and collected. Sue Aikman, Director of Nutrition Services, is in charge of the records. Detailed sale reports are available for audit.

The system to properly record transfers from the School Nutrition Clearing fund to the School Lunch fund is still being established. Sue Aikman, Director of Nutrition Services, is working to establish this in a way where all transfer data is complete and trackable.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-006***

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: Sue Aikman

Contact person Phone Number: 574-654-0402

Status of Audit Finding: Corrected

Online Free & Reduced Applications are processed by the Food Service Director via MSA client and Mosaic Software on a daily basis. Applications that are received via mail are reviewed and processed by the Food Service Director on an as needed basis. These applications are then reviewed for accuracy by the FS Administrative Assistant and initialed once completed. Paper applications are kept on file and accessible in the Food Service Office. Electronic applications can be obtained via reporting in the system on an as-needed basis.

Income verification is completed, as required, in October-November of each year based on the IDOE determined sampling method. These findings are kept on file and accessible in the Food Service Office.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-007***

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Audit Finding: Corrected

Cafe payroll is calculated and then reviewed by a second employee from Business Services to verify accuracy in amount and recorded fund. After payroll is calculated and checked, it is sent to the Director of Nutritional services for another check and final approval.

Completion date: June 2022.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-008***

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Audit Finding: No longer valid

With the change in MOE calculation, the need for internal controls for the submission of the MOE report has changed. I believe the report is now pulled directly from the Form 9 which is completed by the Director of Finance and will be reviewed by the Deputy Treasurer before submission.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-009***

Fiscal year in which the finding initially occurred: 2020

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Audit Finding: Corrected

All Special Education amounts are prepared and reviewed by at least two individuals from LaPorte at the LaPorte Co-Op before they are shared with the other members of the group. Once shared, the documentation is reviewed here at New Prairie and kept for review.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-0010***

Fiscal year in which the finding initially occurred: 2018

Contact Person Responsible for Corrective Action: Tim Scott

Contact person Phone Number: 574-654-0206

Status of Finding: Not Corrected

Internal controls and compliance over Earmarking is an ongoing process.



## CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Tim Scott

Contact Phone Number: 574-654-7273

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Internal controls have been implemented to assure accuracy and separation of duties. Monthly bank reconciliations are completed by the Corporation Treasurer and then reviewed by the Deputy Treasurer before submission in Gateway.

The Annual Financial Report will proceed under the same process with the Corporation Treasurer completing the report before the Deputy Treasurer reviews. Once the report has been completed then reviewed for accuracy, it will be uploaded into Gateway.

Anticipated Completion Date: August 2024



## CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Tim Scott  
Contact Phone Number: 574-654-7273

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Internal controls have been implemented to assure accuracy and separation of duties. The Schedule of Expenditures of Federal Awards (SEFA) will be compiled by the Corporation Treasurer. He will gather information from the Grant Coordinator, Nutrition Services and the Special Education Cooperative to complete the SEFA. Once created, the Grant Coordinator will review before submission in Gateway.

**Anticipated Completion Date:** August 2024

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-003***

Contact Person Responsible for Corrective Action: Tim Scott  
Contact Phone Number: 574-654-7273

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The Corporation Treasurer will meet with representative/s from the South LaPorte County Special Education Cooperative to ensure compliance with the matching, level of effort, and earmarking requirements for federal grants. He will pay particular attention to acquire proof that the required level of expenditures for non-public school students with disabilities is met.

Anticipated Completion Date: August 2024

## 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/>.