

STATE BOARD OF ACCOUNTS
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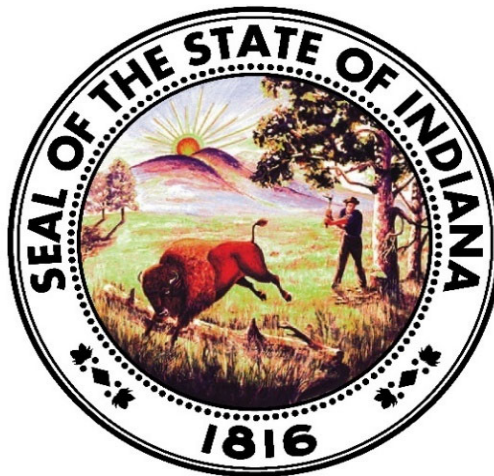
FEDERAL COMPLIANCE AUDIT REPORT

OF

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION

JACKSON 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	Patsy Hess	07-01-20 to 06-30-23
Superintendent of Schools	Timothy W. Taylor	07-01-20 to 06-30-23
President of the School Board	Scott Shade	07-01-20 to 06-30-23



STATE OF INDIANA
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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 BROWNSTOWN CENTRAL COMMUNITY
SCHOOL CORPORATION, JACKSON 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 Brownstown Central Community School Corporation (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 1, 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 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

March 1, 2023



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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 BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION, JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

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

Qualified Opinion on Child Nutrition Cluster

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2020 to June 30, 2022.

Basis for Qualified Opinions

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

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

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

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2022-001 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on 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 2022-002 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.

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)

- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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 items 2022-001 and 2022-002, to be material weaknesses.

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

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

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

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)

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

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

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

March 1, 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.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing 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			
National School Breakfast Program			FY 2020-21	\$ 108,048	\$ -
National School Breakfast Program			FY 2021-22	-	162,197
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553			
FY 2020-21 National School Breakfast Program			FY2020-21	10,867	-
Total - School Breakfast Program				118,915	162,197
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY 2020-21	348,764	-
National School Lunch Program			FY 2021-22	-	633,193
SNP Emergency Funds FY22			FY 2021-22	-	18,809
National School Lunch Program Commodities			3695	64,711	83,480
Subtotal - National School Lunch Program				413,475	735,482
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY 2020-21	45,503	-
Total - National School Lunch Program				458,978	735,482
Total - Child Nutrition Cluster				577,893	897,679
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649			
PEBT Admin			SY 2021-2022	-	614
Total - Department of Agriculture				577,893	898,293
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027A			
FY2019 Federal Part B 611			19611-047-PN01	33,397	-
FY2020 Federal Part B 611			20611-045-PN01	160,760	-
FY2021 Federal Part B 611			21611-160-PN01	296,242	73,427
FY2022 Federal Part B 611			22611-047-PN01	-	313,111
Subtotal - Special Education Grants to States				490,399	386,538
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	Indiana Department of Education	84.027X			
611 ARP			22611160ARP	-	18,165
Total - Special Education Grants to States				490,399	404,703

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing 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	84.173A			
FY2019 Federal Preschool 619			19619-047-PN01	714	-
FY2020 Federal Preschool 619			20619-045-PN01	6,409	-
FY2021 Federal Preschool 619			21619-160-PN01	8,470	2,645
FY2022 Federal Preschool 619			22619-047-PN01	-	8,395
Subtotal - Special Education Preschool Grants				15,593	11,040
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP) 619 ARP	Indiana Department of Education	84.173X	22-619-160-ARP	-	346
Total - Special Education Preschool Grants				15,593	11,386
Total - Special Education Cluster (IDEA)				505,992	416,089
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Pt A Basic			S010A190014	38,677	-
Title I Basic Delinquent			S010A180014	20,757	-
Title Pt. A Basic			S010A200014	144,366	85,488
Title I Basic Delinquent			S010A200014	1,135	3,566
Title I Pt A Basic			S010A210014	-	162,397
Title I Basic Delinquent			S010A210014	-	1,475
Total - Title I Grants to Local Educational Agencies				204,935	252,926
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367			
Title II Part A			S367A180013	8,804	2,000
Title II Part A			S367A190013	39,529	4,485
Title II Part A			S367A200013	-	43,097
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				48,333	49,582
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV Pt. A			S424A180015	2,118	-
Title IV Pt. A			S424A190015	-	16,179
Title IV Pt. A			S424A200015	-	3,525
Total - Title IV Pt. A				2,118	19,704
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425			
Governor's Emergency Education Relief		84.425C	S425C200018	106,582	-
CARES Act		84.425D	S425D200013	104,239	52,759
ESSER II (CRRSA)		84.425D	S425D210013	258,500	121,894
Total - COVID-19 - Education Stabilization Fund				469,321	174,653
Total - Department of Education				1,230,699	912,954
Total federal awards expended				\$ 1,808,592	\$ 1,811,247

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in 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. Orange-Lawrence-Jackson-Martin-Greene Joint Services

The School Corporation was a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Special Education Cooperative (Cooperative) for fiscal year ending June 30, 2021. The Cooperative operated the Special Education programs for the School Corporation. As a result, some activity for the Special Education Cluster that is presented on the SEFA is not presented as receipts and disbursements in the financial statements.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Qualified
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

No matters are reportable.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National
School Lunch Program, COVID-19 - National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020-21, FY 2021-22
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
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 2020-004.

Condition and Context

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

Procurement

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

During fiscal year 2020-2021, the School Corporation purchased food and supply items from two vendors with total purchases that fell within the small purchase threshold. During 2021-2022, repair services were purchased from one vendor that fell within the small purchase threshold. Quotes were not obtained nor was full and open competition provided for the three vendors that fell within the small purchase threshold during the audit period. Additionally, there was no documentation available to support the rationale to limit competition.

During 2020-2021 the School Corporation did not follow procurement requirements for purchases of food and supply items which exceeded the simplified acquisition threshold of \$150,000. The School Corporation did not correctly procure a contract for the one vendor that exceeded the simplified acquisition threshold. The School Corporation only considered one bid which did not adequately meet the formal procurement procedures for a simplified acquisition.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Suspension and Debarment

Non-federal entities and contractors are subject to non-procurement debarment and suspension regulations. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or are ineligible for participation in Federal assistance programs or activities. This is done by checking SAM Exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

The School Corporation did not verify that one of four contracts over \$25,000 was not excluded or disqualified from participation in federal award programs.

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 200.318(i) states:

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

2 CFR 200.320 (Uniform Guidance) states in part:

"(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. . . .

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . ."

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 (Revised Uniform Guidance) states in part:

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

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

(2) *Small purchases -*

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

2 CFR 180.300 states in part:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not established a system of internal control that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2022-002

Subject: Special Education Cluster - Earmarking

Federal Agency: Department of Education

Federal Program: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 19611-047-PN01, 19619-047-PN01,
20611-045-PN01, 20619-045-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 was a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Cooperative (Cooperative). During fiscal year 2020-2021, 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. However, 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 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards could not be verified for the individual member schools. Proportionate Share Monitoring Reports and other supporting documentation for amounts reported to the IDOE for Earmarking were not retained for audit. 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 applies to the 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(a) Establish and maintain effective internal control over 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.

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.



Brownstown Central Community School Corporation

Phone: 812-358-4271 608 W. Commerce St, Brownstown, IN 47220 Fax: 812-358-5303

February 15, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: SY 2019-2020

Status of Audit Finding:

Corrective Action was taken. Lunch Fund Accounts Payable Vouchers are presented to the School Board each month for their approval.



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February 15, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal year in which the finding initially occurred: SY 2014-2015

Status of Audit Finding:

Corrective Action was taken. The Corporation Treasurer compiles federal grant award information and prepares the Schedule of Expenditures of Federal Awards (SEFA), the SEFA is reviewed by Assistant Superintendent prior to submission on Gateway.



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February 15, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-003

Fiscal year in which the finding initially occurred: SY 2014-2015

Status of Audit Finding:

Cash Management: Corrective Action was taken. The Corporation Treasurer prepares a monthly report for the School Board reflecting the School Lunch Fund balance and calculating the 3-month average of expenditures of the School Lunch fund. Prior to presenting the report to the School Board, the Assistant Superintendent reviews the report to ensure the School Lunch fund balance does not exceed the maximum allowable amount.

Program Income: Corrective Action was taken. The Lunch Fund Treasurer prepares monthly food sales reports and remits to the Corporation Treasurer. The Corporation Treasurer prepares an Accounts Payable Voucher (APV) and attaches the monthly sales reports, the APVs are presented at the monthly School Board Meeting for approval.

Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP): Corrective Action was taken. The Lunch Fund Treasurer conducts the verification process. The Food Service Coordinator reviews applications that have been pulled for verification prior to letters being sent home. The Food Service Coordinator is signing the application as proof of review.



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February 15, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-004

Fiscal year in which the finding initially occurred: SY 2016-2017

Status of Audit Finding:

Procurement: We are continuing to work on our internal control procedures to ensure compliance with procurements. The Lunch Fund Treasurer and the Food Service Director are attempting to solicit bids for purchases that exceed the simplified acquisition threshold of \$150,000.00 and in the event two bid are not received, to obtain documentation to present to the Board of School Trustees for their approval.

Suspension and Debarment: We are continuing to work on our internal control procedures to ensure compliance with suspension and debarment. Prior to awarding the bid, the Lunch Fund Treasurer will conduct SAM search to ensure that the proposed vendor is not suspended or debarred and is eligible to participate in federally funded programs. The Lunch Fund Treasurer and Food Service Coordinator or other employee with knowledge of the compliance requirement will sign as proof of review.



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February 15, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-005

Fiscal year in which the finding initially occurred: SY 2019-2020

Status of Audit Finding:

Procurement: We are continuing to work on our internal control procedures to ensure compliance with procurements made through the Wilson Education Center. The Lunch Fund Treasurer is in touch with The Wilson Center annually to obtain documentation in order to verify that proper procurement procedures are being followed.

Suspension and Debarment: We are continuing to work on our internal control procedures to ensure compliance with suspension and debarment in relation to procurements made through the Wilson Education Center. The Lunch Fund Treasurer is in touch with The Wilson Center annually to obtain documentation in order to verify that proper procurement procedures are being followed verifying vendors were not suspended or debarred.



Brownstown Central Community School Corporation

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March 1, 2023

CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Natalie McGinnis, School Lunch Treasurer and Joe Sheffer, School Lunch Coordinator

Contact Phone Number: 812-358-4271

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Procurement:

Simplified Acquisition - The Lunch Fund Treasurer and the Food Services Director will solicit bids for purchases that exceed the simplified acquisition threshold of \$150,000 and in the event that two bids are not received, we will obtain documentation and will present bids and documentation to the Board of School Trustees for their approval.

Small Purchases - The Lunch Fund Treasurer and the Food Services Director will solicit quotes for purchases that fall within the small purchase threshold of \$10,000 to \$150,000 and in the event that two quotes are not received, we will obtain documentation and will present quotes and documentation for review by other employee with knowledge of the compliance requirement will sign as proof of review.

Suspension and Debarment: For transactions considered covered transactions (purchases to vendors exceeding \$25,000), the Lunch Fund Treasurer will conduct a SAM search to ensure that the vendor is not suspended or debarred and is eligible to participate in federally funded programs. Should the vendor be suspended or debarred, a contract will not be awarded. A copy will be kept in the Food Service Department. The Lunch Fund Treasurer and Food Service Coordinator or other employee with knowledge of the compliance requirement will sign as proof of review.

Anticipated Completion Date: Immediate



Brownstown Central Community School Corporation

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CORRECTIVE ACTION PLAN

March 1, 2023

FINDING 2022-002

Contact Person Responsible for Corrective Action: Patsy Hess, Corporation Treasurer, and Lindsey Goshorn, Special Education Director
Contact Phone Number: 812-358-4271

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

During fiscal year 2020-2021, Brownstown Central Community School Corporation (School) was a member of Orange-Lawrence-Jackson-Martin-Greene Joint Services Cooperative (Cooperative). The Cooperative operated the special education programs and spent the federal money on behalf of all its member schools. At the end of fiscal year 2020-2021 the Cooperative disbanded.

Subsequent to fiscal year 2020-2021, the School has operated the special education programs. The Special Education Director maintains records ensuring that the required level of expenditures for non-public school students with disabilities has been met. The records involving level of expenditures for non-public school students with disabilities will be reviewed by the Corporation Treasurer or other employee with knowledge of the compliance requirement.

Anticipated Completion Date: Immediate

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/>.