

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MIDDLEBURY COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/24/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Stutsman	07-01-20 to 06-30-23
Superintendent of Schools	Jane Allen	07-01-20 to 06-30-21
	Jayson Snyder	07-01-21 to 06-30-23
President of the School Board	Paul Gayler	07-01-20 to 12-31-21
	Kate Hummell	01-01-22 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 MIDDLEBURY COMMUNITY SCHOOLS, ELKHART 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 Middlebury Community Schools (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 14, 2023, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 14, 2023



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

TO: THE OFFICIALS OF THE MIDDLEBURY COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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 major federal programs for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on Each Major Federal Program

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.

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.

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)

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.

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.

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

A 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 2022-001, 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 March 14, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 14, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MIDDLEBURY COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
National School Breakfast			SY 2020-2021	\$ -	\$ 294,624	\$ -	\$ -
National School Breakfast			SY 2021-2022	-	-	-	461,954
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
National School Breakfast Program			SY 2020-2021	-	19,753	-	-
Total - School Breakfast Program				-	314,377	-	461,954
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch			SY 2020-2021	-	1,072,991	-	-
National School Lunch			SY 2021-2022	-	-	-	2,031,088
Commodities				-	205,412	-	175,196
Subtotal - National School Lunch Program				-	1,278,403	-	2,206,284
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch			SY 2020-2021	-	113,245	-	-
SNP Emergency Funds			School Lunch	-	-	-	5,053
Total - National School Lunch Program				-	1,391,648	-	2,211,337
Total - Child Nutrition Cluster				-	1,706,025	-	2,673,291
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649	SY 2021-2022	-	-	-	3,063
Pandemic-EBT Admin Funds				-	-	-	-
Total - Department of Agriculture				-	1,706,025	-	2,676,354
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Part B 2019-2020			20611-014-PN01	-	949,840	-	2,617
Special Education Part B 2020-2021			21611-014-PN01	-	-	-	867,501
Total - Special Education Grants to States				-	949,840	-	870,118
Special Education Preschool Grants	Indiana Department of Education	84.173A					
Special Education Preschool			21619-014-PN01	-	37,030	-	-
			20619-014-PN04	-	-	-	36,899
			22619-014-PN01	-	-	-	37,544
Subtotal - Special Education Preschool Grants				-	37,030	-	74,443
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	Indiana Department of Education	84.173X					
Special Education Preschool			22619-014-ARP	-	-	-	19,006
Total - Special Education Preschool Grants				-	37,030	-	93,449
Total - Special Education Cluster (IDEA)				-	986,870	-	963,567
Career and Technical Education-Basic Grants to States	Indiana Governor's Workforce Cabinet	84.048					
Career and Technical Education-Basic Grants to States			51248A19LDRSHIP	-	5,000	-	-
Total - Career and Technical Education-Basic Grants to States				-	5,000	-	-

MIDDLEBURY COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2019-2020			S010A190014	-	105,935	-	-
Title I 2020-2021			S010A200014	-	258,415	-	95,128
Title I 2021-2022			S010A210014	-	-	-	196,097
Total - Title Grants to Local Educational Agencies				-	364,350	-	291,225
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III - 2019-2021			S365A190014	-	11,687	-	-
Title III FFY 2020			S365A200013	-	22,050	-	6,594
Total - English Language Acquisition State Grants				-	33,737	-	6,594
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II A 18-19			S367A180013	-	3,701	-	-
Title II A 19-20			S367A190013	-	64,876	-	-
Title II A FFY 2020			S367A200013	-	50,414	-	43,699
Title II-A 2021-2022			S367A210013	-	-	-	30,212
Total - Supporting Effective Instruction State Grants				-	118,991	-	73,911
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV A 20-21 FFY 21			S424A200015	-	-	-	19,355
Title IV - 2019-2020			S424A90015	-	31,725	-	1,424
Total - Student Support and Academic Enrichment Program				-	31,725	-	20,779
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
ESSER I		84.425D	S425D200013	-	243,606	-	80,831
ESSER II		84.425D	S425D210013	-	621,260	-	17,898
ESSER III		84.425U	S425U210013	-	-	-	424,633
Total - COVID-19 - Education Stabilization Fund				-	864,866	-	523,362
Total - Department of Education				-	2,405,539	-	1,879,438
<u>Department of Health and Human Services</u>							
Medicaid Cluster	Indiana Department of Education	93.778					
Medical Assistance Program							
Medicaid Reimbursement - MAC			FY 20-21	-	56,911	-	-
Medicaid Reimbursement - MAC			FY 21-22	-	-	-	39,356
Medicaid Reimbursement - IEP			FY 20-21	-	34,381	-	-
Medicaid Reimbursement - IEP			FY 21-22	-	-	-	11,264
Total - Medical Assistance Program				-	91,292	-	50,620
Total - Medicaid Cluster				-	91,292	-	50,620
Total - Department of Health and Human Services				-	91,292	-	50,620
Total federal awards expended				\$ -	\$ 4,202,856	\$ -	\$ 4,606,412

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

MIDDLEBURY COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

MIDDLEBURY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
	COVID-19 - Education Stabilization Fund	Unmodified

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

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

No matters are reportable.

MIDDLEBURY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Procurement
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): SY 2020-2021, SY 2021-2022
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Condition and Context

An effective internal control system was not designed nor implemented at the School Corporation to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, the Allowable Costs/Cost Principles, and the Procurement and Suspension and Debarment compliance requirements.

The School Corporation had not established an effective system of internal controls over vendor payments disbursed out of the School Lunch fund. The Director of Food Service was to receive invoices to be paid from the School Lunch Fund for review and approval. However, there was no consistent evidence of the Director of Food Service's review, or review by a person knowledgeable of the grant requirements.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed nor implemented a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, the Allowable Costs/Cost Principles, and the Procurement and Suspension and Debarment compliance requirements.

MIDDLEBURY COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no question costs identified.

Recommendation

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

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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

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrected

Prior to entering the data into Gateway, the Director of Business verified the numbers with reports from the financial software that either the Assistant to the Director of Business or the Treasurer has submitted. Once those numbers are verified, both the Director of Business and either the Assistant to the Director of Business or the Treasurer signed the verification page certifying the receipts and expenditures are accurate and complete, prior to the Director of Business entering the data into Gateway.

Utilized SEFA calculation workbook to calculate food commodities and Medicaid reimbursements for SEFA reporting.



Administration Center: 56853 Northridge Drive, Middlebury, Indiana 46540
Phone: (574) 825-9425 * Fax: (574) 825-9426 * Web: www.mcsin-k12.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-0002

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrected

The Payroll and Benefits Coordinator and Food Service Director monitor food service payroll to ensure compliance with requirements related to the grant agreement. The Treasurer prints a copy of the payroll distribution report from Low and a spreadsheet if necessary, for each pay period, which includes employee name, fund number, hours worked, and pay rate. Signatures from both are included on the distribution reports and/or spreadsheet.



Administration Center: 56853 Northridge Drive, Middlebury, Indiana 46540
Phone: (574) 825-9425 * Fax: (574) 825-9426 * Web: www.mcsin-k12.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-003

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrected

ECSEC adjusted billing protocols due to this audit finding in the ECSEC 2018-2020 audit. The MCS Director of Business will consult with ECSEC financial officers to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Director of Business met with ECSEC representatives on May 5, 2021 to discuss this issue. They assured us that the billing protocols were being addressed. Beginning summer of 2021, ECSEC revamped billing processes and reporting documentation.



Administration Center: 56853 Northridge Drive, Middlebury, Indiana 46540
Phone: (574) 825-9425 * Fax: (574) 825-9426 * Web: www.mcsin-k12.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-004

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrected

The Director of Business will consult with ECSEC financial officers to ensure that proper Procurement, and Suspension and Debarment compliance protocols are being met.

Director of Business met with ECSEC representatives on May 5, 2021 to discuss this issue. ECSEC representatives confirmed that proper Procurement, and Suspension Debarment compliance protocols were now in place.



Administration Center: 56853 Northridge Drive, Middlebury, Indiana 46540
Phone: (574) 825-9425 * Fax: (574) 825-9426 * Web: www.mcsin-k12.org

CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Sara Reafsnyder, Food Service Director

Contact Phone Number: 574-825-9425

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

Internal control established to ensure that Food Service Director reviews and signs all food service related invoices prior to payment by accounts payable personnel.

Anticipated Completion Date: Immediately



Administration Center: 56853 Northridge Drive, Middlebury, Indiana 46540
Phone: (574) 825-9425 * Fax: (574) 825-9426 * Web: www.mcsin-k12.org

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/>.