

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION

NOBLE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/28/2023



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
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 <i>Government Auditing Standards</i> .....	3-4
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 .....	5-9
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	12-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-27
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	30-37
Corrective Action Plan .....	38-43
Other Reports.....	44

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tyler C. Osenbaugh	07-01-20 to 06-30-23
Superintendent of Schools	Troy A. Gaff Robert C. Morgan	07-01-20 to 06-30-22 07-01-22 to 06-30-23
President of the School Board	Eric J. Custer Amanda L. Lock	07-01-20 to 12-31-22 01-01-23 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 CENTRAL NOBLE COMMUNITY  
SCHOOL CORPORATION, NOBLE 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 Central Noble 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 15, 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.

***Central Noble Community 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

March 15, 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 CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

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

***Qualified Opinions***

We have audited the Central Noble 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 the Child Nutrition Cluster***

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 Child Nutrition Cluster for the period of July 1, 2020 to June 30, 2022.

***Qualified Opinion on the 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.

***Qualified Opinion on the COVID-19 - Education Stabilization Fund***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the period of July 1, 2020 to June 30, 2022.

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)

**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.

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.

*Matter Giving Rise to Qualified Opinion on the Child Nutrition Cluster*

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 Child Nutrition Cluster, as described in item 2022-005 for Activities Allowed or Unallowed and the Allowable Costs/Cost Principles. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

*Matter Giving Rise to Qualified Opinion on the 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 2022-003 for Matching, Level of Effort, and Earmarking. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

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

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with 84.425 COVID-19 - Education Stabilization Fund, as described in item 2022-004 for Special Tests and Provisions - Wage Rate Requirements. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to that program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

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.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-006. Our opinion on each major federal program is not modified with respect to these matters.

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

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 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 2022-003, 2022-004, 2022-005, and 2022-006, 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 15, 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 15, 2023

(This page intentionally left blank.)

## 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	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	FY 2021-2022	\$ -	\$ -	\$ -	\$ 97,055
School Breakfast Program							
Total - School Breakfast Program				-	-	-	97,055
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2021-2022	-	-	-	439,887
Commodities			FY 2020-2021	-	68,176	-	-
Commodities			FY 2021-2022	-	-	-	75,085
Total - National School Lunch Program				-	68,176	-	514,972
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559	FY 2020-2021	-	398,529	-	-
Summer Food Service Program			FY 2021-2022	-	-	-	122,646
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020-2021	-	260,289	-	-
Summer Food Service Program							
Total - Summer Food Service Program for Children				-	658,818	-	122,646
Total - Child Nutrition Cluster				-	726,994	-	734,673
Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649	FY 2021-2022	-	-	-	614
Total - Department of Agriculture				-	726,994	-	735,287
<u>Federal Communications Commission</u>							
COVID-19 - Emergency Connectivity Fund Program	Direct Grant	32.009	22-6055	-	-	-	430,000
Emergency Connectivity Funding							
Total - Federal Communications Commission				-	-	-	430,000
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	20611-042-PN01	-	23,357	-	-
Special Ed			21611-042-PN01	-	288,080	-	5,853
Special Ed			22611-042-PN01	-	-	-	273,215
Special Ed							
Total - Special Education Grants to States				-	311,437	-	279,068
Special Education Preschool Grants							
Special Ed	Indiana Department of Education	84.173	20619-042-PN01	-	6,585	-	-
Special Ed			22619-042-PN01	-	-	-	6,584
Total - Special Education Preschool Grants				-	6,585	-	6,584
Total - Special Education Cluster (IDEA)				-	318,022	-	285,652

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	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			20-6055	-	235,698	-	23,565
Title I			21-6055	-	-	-	121,582
Total - Title I Grants to Local Educational Agencies				-	235,698	-	145,147
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			19-6055	-	14,367	-	632
Title II			20-6055	-	-	-	35,781
Title II			21-6055	-	-	-	22,528
Total - Supporting Effective Instruction State Grants				-	14,367	-	58,941
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			18-6055	-	5,189	-	-
Title IV			19-6055	-	10,587	-	7,421
Title IV			20-6055	-	-	-	15,831
Total - Student Support and Academic Enrichment Program				-	15,776	-	23,252
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
CARES Act		84.425D	S425D200013	-	107,131	-	-
CARES Act		84.425D	S425D210013	-	-	-	332,789
CARES Act (ARP)		84.425U	S425U210013	-	-	-	582,955
Total - COVID-19 - Education Stabilization Fund				-	107,131	-	915,744
Total - Department of Education				-	690,994	-	1,428,736
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family Social Services Administration	93.778					
			FY 2021-2022	-	-	-	35,981
Total - Medicaid Cluster				-	-	-	35,981
Total - Department of Health and Human Services				-	-	-	35,981
Total federal awards expended				\$ -	\$ 1,417,988	\$ -	\$ 2,630,004

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

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

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

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

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

*B. Other Significant Accounting Policies*

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

**Note 2. Indirect Cost Rate**

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

**Note 3. Northeast Indiana Special Education Cooperative**

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative). 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's fiscal agent.

CENTRAL NOBLE 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?	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	Qualified
	Special Education Cluster (IDEA)	Qualified
84.425	COVID-19 - Education Stabilization Fund	Qualified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2022-001**

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

*Condition and Context*

There were several deficiencies in the internal control system of the School Corporation related to financial close and reporting.

The School Corporation had not established internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Annual Financial Report (AFR). The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the AFR.

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

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

1. The Curricular Materials Rental fund receipts and disbursements were overstated by \$430,000 for fiscal year 2021-2022.
2. The Emergency Connectivity fund disbursements were overstated by \$430,000 for 2021-2022.
3. The beginning cash and investments balances of ten payroll clearing related funds were omitted from the AFR.
4. The following seven funds were omitted from the AFR, which resulted in understated receipts, disbursements, beginning and ending balances, and overstated other financing uses:
  - Wolf Lake Comfortable Learning
  - 18-19 Early Intervention
  - State Medicaid
  - TAG 2021
  - High Ability 2021-22
  - Title IV FY 20
  - Insurance Liability Clearing

Audit adjustments were proposed, accepted by the School Corporation, and made to the AFR.

*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. . . ."

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](#)."

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

*Cause*

Management had not established a system of internal controls that would have ensured proper reporting of the AFR.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the AFR remained undetected. The AFR included the errors 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.

**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 2020-001.

*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).

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 another employee 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 internal controls, the SEFA presented for audit included the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$210,372.
2. Several additional grants had individually immaterial errors or omissions that resulted in a combined misstatement of \$52,989, in total.

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:

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

"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. . . ."

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 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.

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

- (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.
- (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 a 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 errors 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 Programs: 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): 20611-042-PN01, 20619-042-PN01,  
21611-042-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

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

*Condition and Context*

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative). During fiscal year 2021-2022, the Cooperative operated the special education programs and spent the federal money on behalf of all its members. 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 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 20611-042-PN01, 20619-042-PN01, and 21611-042-PN01 grant awards could not be verified for the individual schools to verify 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 were isolated to the 20611-042-PN01, 20619-042-PN01, and 21611-042-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."

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

*Cause*

Management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement 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 a 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.

**FINDING 2022-004**

Subject: COVID-19 - Education Stabilization Fund - Special Tests  
and Provisions - Wage Rate Requirements  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

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

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed.

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

There was no signed contract between the School Corporation and the construction company for a project paid in part with federal funds. The School Corporation received quotes from the construction company for an outdoor learning center. The learning center was originally quoted at \$29,000 and paid for with School Corporation funds. However, the modification of the agreement to add a roof and floor due to COVID increased the total amount of the project to \$73,500. ESSER II funds were used to pay for a portion of this project. As such the entire project was subject to federal regulations, which would include a requirement to have a contract and follow wage rate requirements. As there was no contract clause and no certified payrolls were received it could not be determined if the School Corporation adhered to the wage rate requirements.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

29 CFR 5.5 states in part:

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

(1) *Minimum wages.*

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

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

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

(ii)

(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). . . ."

2 CFR 200 Appendix II states in part:

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

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

*Cause*

Management had not designed, nor implemented a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

*Effect*

The failure to design and implement an effective internal control system, as well as adequately and timely document adherence to required requirements of federal awards, prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, as well as appropriately and timely document adherence to required requirements to ensure compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

*Views of Responsible Officials*

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

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

**FINDING 2022-005**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020-2021, FY 2021-2022  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
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 2020-002.

*Condition and Context*

An effective system of internal controls was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

The School Corporation had not designed nor implemented adequate policies and procedures to ensure that program costs were supported by proper documentation, were allowable, and solely for the operation and improvement of the food service program.

Out of 16 disbursements selected for testing, supporting documentation could not be provided for 3 of the disbursements totaling \$23,438. These 3 disbursements were paid to the Food Service Management Company that the School Corporation had entered into a cost-reimbursement contract with to oversee the School Corporation's food service operations. Due to lack of sufficient documentation we were unable to determine if the disbursements were allowable for the federal program.

The lack of internal controls, noncompliance, and failure to maintain adequate supporting documentation of program costs 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). . . ."

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

7 CFR 210.21(f)(1) states in part:

". . . (ii)

(A) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(B) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;

(ii) The contractor's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars; . . .

(vi) The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State agency, or the Department."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(1) . . .

(ii) In accordance with the financial management system established under § 220.13(i) of this part, use all revenues received by such food service only for the operation or improvement of that food service . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

**Cause**

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

**Effect**

The failure to establish an effective system of internal controls, as well as adequately document costs, prevented the determination of the School Corporation's compliance with the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

**Questioned Costs**

Known questioned costs in the amount of \$23,438 were identified as noted in *the Condition and Context*.

CENTRAL NOBLE 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 that documentation will be maintained and made available for audit and comply with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2022-006**

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020-2021, FY 2021-2022  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

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

Monthly Sponsor Claims for Reimbursement (Claims) were submitted to the Indiana Department of Education (IDOE) based upon meals served for the month. All four Claims tested had differences between the Claims submitted and the School Corporation's summary meal count reports. Meal counts did not match the ledgers provided by the Food Management Service Company (FMSC) nor the internally generated reports of the School Corporation.

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). . . ."

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

2 CFR 200.302(b) (Uniform Guidance) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.302(b) (Revised Uniform Guidance) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

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



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-001**

Fiscal year in which the finding initially occurred: 2018 (Audit # 2018-002)

Status of Audit Finding: Expect Resolution in AUG for 2023 AFR

The information regarding federal awards (SEFA) will be printed for review by the Superintendent prior to submission of the Annual Financial Report into Gateway.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791

🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)

🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-002**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: April 2023

The School Food Authority and Food Service Director (Chartwells' Director of Dining Services) review and validate the supporting documentation for all food service-related purchases. The documentation, include payroll information and non-payroll expenditures, including vendor deliveries. Copies of the supporting data have been retained by the Business Manager to ensure records are available for audits. The review occurs prior to the SFA submitting for reimbursement into CNPWeb. Future reviews will include supporting vendor (Gordon Food, Piazza, Prairie Farms) price lists in effect during the support period.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 www.centralnoble.k12.in.us  
🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-003**

Fiscal year in which the finding initially occurred: 2018 (Finding 2018-004)

Status of Audit Finding: Resolved

The Food Service Director (FSMC Food Service Director) utilizes the Paid Lunch Equity (PLE) Calculator in coordination with IDOE to determine meal prices. The meal prices are rounded to the nearest 5 cents in accordance with USDA guidance. The Business Manager/FSA validated the PLE calculator information and present the results for School Board approval. Once approved, the Food Service Director input the price into our Point-of-Sale system (Meal Magic) and submits a screen captured image to the Business Manager for validation. On a periodic basis the Information Coordinator will ensure the lunch prices in Meal Magic remain unchanged.

Recording Program Income: The Superintendent designated the Food Service Manager as the second set of eyes to validate the amount for the transfer from the Food Service Trust fund to the School Lunch fund. These transfers occurred at least quarterly.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

 p. 260-636-2177  
f. 260-636-2791  
 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-004**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Resolved

Credits for returns, discounts and rebates are credited to Chartwells and subsequently to Central Noble Schools. Chartwells provided the supporting records for these credits to the Business Manager for validation monthly. The Food Service Director (Chartwells' Director of Dining Services) and the school Business Manager review and validate the supporting documentation for all food service related purchases on a monthly basis.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-005**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Resolved

The Business Manager calculates the three-month average expenditure for the School Lunch Fund based on the prior fiscal year. The balance is assessed monthly during the transfer from the Food Service Trust fund to the School Lunch Fund. If the balance is projected to be above the 3-month average expenditure a spend plan is developed for approval with IDOE. The Business Manager will develop a sheet for the Superintendent to review and sign monthly indicating the 3-month average expenditure and the current balance of the 800 fund. Additionally, the Business Manager reviews of the PLE calculation to ensure the information is consistent with the meal charges on the Z report from Meal Magic.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

 p. 260-636-2177  
f. 260-636-2791  
 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-006**

Fiscal year in which the finding initially occurred: 2018 (2018-003)

Status of Audit Finding: Resolved

Central Noble Community School Corporation continues to utilize the functionality of Meal Magic to allow for online applications for eligibility for free and reduced meals. The Food Service Director enters the parameters from the USDA into the Meal Magic system and provide a copy of input to the Business Manager. The Business Manager and the Information Coordinator validates these with the guidance from USDA. The students that qualify for direct certification are entered at the beginning of the school year and validated quarterly by the Food Service Director and validated by the Information Coordinator. Paper applications are entered by the Food Service Director and turned over to the Information Coordinator for validation within Meal Magic.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023





# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-007***

Fiscal year in which the finding initially occurred: 2018 (2018-006)

Status of Audit Finding: Resolved

The Food Service Director verifies the Special Tests and Provisions meet the threshold for Free and Reduced status. The Information Coordinator reviews the USDA thresholds and validate the predetermined sample identified for verification. On the occasions that the Food Service Director was unable to obtain the required information from the applicant, the Information Coordinator contacted the family prior to changing our determination.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-008**

Fiscal year in which the finding initially occurred: 2018 (2018-007)

Status of Audit Finding: Resolved

All information required for submission to IDOE Food Service, including the Paid Lunch Equity Calculator is provided to the Business Manager prior to submission. The Food Service Director inputs the information and emails a screen shot for review prior to submission. Upon approval it is submitted and then verified by the Business Manager on CNP Web.

Tyler C. Osenbaugh  
Business Manager  
4 February 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-001**

Contact Person Responsible for Corrective Action: Tyler C. Osenbaugh  
Contact Phone Number: 260-336-0217

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: All funds including payroll clearing accounts will be included on future SBOA AFRs. These files were excluded since it is the protocol for the IDOE AFR. Additionally old accounts will have any residual amounts such as the \$14.04 Wolf Lake Comfortable Learning, the \$8.45 18-19 Early Intervention, the -\$0.08 TAG 2021 will be transferred and closed. Additionally the Corp Office will work to cross train individuals to qualify someone to be able to review the AFR figures prior to submission.

Anticipated Completion Date: SEP 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

 p. 260-636-2177  
f. 260-636-2791  
 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-002**

Contact Person Responsible for Corrective Action: Tyler C. Osenbaugh  
Contact Phone Number: 260-336-0217

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: The Superintendent will review the associated federal grants and the SEFA prior to submission on the Gateway. We will ensure the federal portion of Medicaid Reimbursement is included on the SEFA. We will validate Special Education Federal receipts with the Co-op and validate them prior to signing the Form 13 at the start of the next audit.

Anticipated Completion Date: SEP 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791

🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)

🏠 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-003**

Contact Person Responsible for Corrective Action: Tyler Osenbaugh

Contact Phone Number: 260-636-2175

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: Central Noble will work with the Northeast Indiana Special Education Cooperative to implement the procedures detailed below. The Northeast Indiana Special Education Cooperative (NEISEC) Treasurer will reach out to member schools during the writing process of the IDEA 611 and 619 grants in order for each member school to submit their plans for their allocation of proportionate share money. NEISEC will provide the allocation amounts to each cooperative school. These submissions will include a proportionate share budget and include proportionate share staff names and any necessary information for the budget categories. The NEISEC Treasurer will then compile the proportionate share information and include on the grant submission. The LEA Treasurer will be given a copy of the grant application and budget upon approval of the grant. Any NEISEC employee being paid out of proportionate share grant funds for salary and benefits will be paid from the LEA's financial software. The LEA Treasurer will keep a spreadsheet of employee proportionate share expenses and this spreadsheet will be updated monthly based on time and effort logs that are submitted by all cooperative schools to the LEA and NEISEC. Any employee utilizing proportionate share funds that is not an employee of NEISEC, but rather a direct employee of a member school, will be paid directly by that member school. Time and effort logs will still be submitted to the LEA and NEISEC Treasurers for these employees in order to generate a direct reimbursement from the grant fund to the member school. For any expenses for a category outside of salary and benefits, a member school will need to submit an invoice and proof of purchase for equipment, supplies, etc. to NEISEC and the LEA in order to be directly reimbursed for those proportionate share expenses. If the request was not in the initial grant budget, the member school must submit all relevant information to NEISEC in order for a grant modification to be completed. Per IDOE the grant modification must be approved first prior to purchasing the items. Time and effort logs as well as invoice and proof of payment must be sent to the LEA Treasurer and NEISEC Treasurer in order to completed the grant reimbursement requests. At the end of the grant period, any school with remaining proportionate share money will be required to complete a waiver. As of this date (2/10/2023) the LEA (Central Noble) and NEISEC are still in communication with SBOA and IDOE to review the proportionate share plan and ensure all necessary requirements will be satisfied.

Anticipated Completion Date: JUL 2023





# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791  
🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
🏠 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-004**

Contact Person Responsible for Corrective Action: Tyler C. Osenbaugh  
Contact Phone Number: 260-336-0217

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: The Business Manager was unaware of the requirements under the Davis Bacon Act until 45 days after this expenditure occurred. Training attended on 3 JUN 2021 and 10 JUN 2021 on EDGAR/UGG and CARES/CRRSA Funding made the provisions clear. The Superintendent was informed of these provisions and that our previous project had violated provisions under the Davis Bacon Act. Future expenditures of federal funds for projects will be reviewed by the Business Manager and Superintendent to ensure all provisions are followed.

Anticipated Completion Date: March 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble



# Central Noble Community School Corporation

Central Noble Elementary    Central Noble Junior-Senior High School    Central Noble Primary

 p. 260-636-2177  
f. 260-636-2791  
 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)  
 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-005**

Contact Person Responsible for Corrective Action: Tyler C. Osenbaugh  
Contact Phone Number: 260-336-0217

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: The School Food Authority and Food Service Director (Chartwells' Director of Dining Services) review and validate the supporting documentation for all food service-related purchases. The documentation, include payroll information and non-payroll expenditures, including vendor deliveries. Copies of the supporting data have been retained by the Business Manager to ensure records are available for audits. The review occurs prior to the SFA submitting for reimbursement into CNPWeb. These steps have been in place correcting the previous finding (2020-002). Future reviews will include supporting vendor (Gordon Food, Piazza, Prairie Farms) price lists in effect during the support period. The prices paid for commodities from these vendors will be compared to Chartwells Operations Ledger to ensure charges are consistent with the costs.

Anticipated Completion Date: May 2023





# Central Noble Community School Corporation

Central Noble Elementary Central Noble Junior-Senior High School Central Noble Primary

☎ p. 260-636-2177  
f. 260-636-2791

🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)

🏠 302 Cougar Ct.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### **FINDING 2022-006**

Contact Person Responsible for Corrective Action: Tyler C. Osenbaugh  
Contact Phone Number: 260-336-0217

Views of Responsible Official: Agree with the finding

Description of Corrective Action Plan: Meal counts differed from the Meal Magic generated Z report and the Chartwells Profit and Loss statement. These meal counts are reconciled by dividing the a la carte purchases by \$2.70 to equate to a meal served. Future Z reports will have the a la carte meal equivalents indicated. These figures will be reviewed and validated during the monthly meeting between School Food Authority and Food Service Director (Chartwells' Director of Dining Services).

Anticipated Completion Date: April 2023



@CentralNobleSchools



@CentralNobleSchools



@CentralNoble

## 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/>.