

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

HUNTINGTON COUNTY COMMUNITY SCHOOL CORPORATION

HUNTINGTON COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/28/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Edette L. Eckert	07-01-20 to 06-30-23
Superintendent of Schools	Charles D. Daugherty John Trout	07-01-20 to 07-29-22 07-30-22 to 06-30-23
President of the School Board	Matt J. Roth	07-01-20 to 06-30-23



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

TO: THE OFFICIALS OF THE HUNTINGTON COUNTY COMMUNITY  
SCHOOL CORPORATION, HUNTINGTON 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 Huntington County 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 16, 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 item 2022-001, 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 item 2022-001.

***Huntington County 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 16, 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 HUNTINGTON COUNTY COMMUNITY SCHOOL CORPORATION, HUNTINGTON COUNTY, INDIANA

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

***Opinion on Each Major Federal Program***

We have audited the Huntington County 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.

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 2022-002, to be material weaknesses.

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

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

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

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 16, 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 16, 2023

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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HUNTINGTON COUNTY 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 2022	\$ -	\$ -	\$ -	\$ 649,789
School Breakfast							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2021	-	75,082	-	-
School Breakfast							
Total - School Breakfast Program				-	75,082	-	649,789
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	FY 2022	-	-	-	2,416,614
Commodities			FY 2021	-	243,761	-	-
Commodities			FY 2022	-	-	-	286,357
Subtotal - National School Lunch Program				-	243,761	-	2,702,971
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2021	-	289,559	-	-
School Lunch			FY 2022	-	-	-	68,000
SNP Emergency Funds							
Total - National School Lunch Program				-	533,320	-	2,770,971
Summer Food Service Program for Children							
Summer Food Service	Indiana Department of Education	10.559	FY 2021	-	2,230,877	-	-
Summer Food Service			FY 2022	-	-	-	93,608
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2021	-	111,440	-	-
Summer Food Service							
Total - Summer Food Service Program for Children				-	2,342,317	-	93,608
Total - Child Nutrition Cluster				-	2,950,719	-	3,514,368
COVID-19 - Pandemic EBT Administrative Costs							
Pandemic EBT	Indiana Department of Education	10.649	FY 2022	-	-	-	3,063
Total - Department of Agriculture				-	2,950,719	-	3,517,431
<u>Department of Energy</u>							
State Energy Program	Indiana Office of Energy Development	81.041	EE0008647	-	25,000	-	-
Fund 3980 Indiana Energy Challenge Grant							
Total - Department of Energy				-	25,000	-	-

HUNTINGTON COUNTY 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
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Fund 5241 IDEA Part B			19611-027-PN01	-	64,900	-	28,187
Fund 5242 IDEA Part B			20611-027-PN01	-	286,356	-	67,738
Fund 5243 IDEA Part B			21611-027-PN01	-	841,131	-	408,440
Fund 5244 IDEA Part B			22611-027-PN01	-	-	-	843,431
Total - Special Education Grants to States				-	1,192,387	-	1,347,796
Special Education Preschool Grants	Indiana Department of Education	84.173					
Fund 5481 IDEA Part B Preschool			19619-027-PN01	-	-	-	826
Fund 5483 IDEA Part B Preschool			19621-027-PN01	-	36,513	-	-
Fund 5482 IDEA Part B Preschool			20619-027-PN01	-	9,295	-	857
Fund 5483 IDEA Part B Preschool			21621-027-PN01	-	-	-	11,617
Fund 5484 IDEA Part B Preschool			22619-027-PN01	-	-	-	39,021
Total - Special Education Preschool Grants				-	45,808	-	52,321
Total - Special Education Cluster (IDEA)				-	1,238,195	-	1,400,117
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Fund 4152 Title I			S010A190014	-	200,887	-	-
Fund 4153 Title I			S010A200014	-	500,778	-	283,822
Fund 4154 Title I			S010A210014	-	-	-	518,628
Total - Title I Grants to Local Educational Agencies				-	701,665	-	802,450
Career and Technical Education - Basic Grants to States	Bluffton-Harrison MSD	84.048					
Fund 6250 Carl Perkins			FY 2021	-	116,334	-	-
Fund 6250 Carl Perkins			FY 2022	-	-	-	69,142
Total - Career and Technical Education - Basic Grants to States				-	116,334	-	69,142
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Fund 6850 Title II			S367A180013	-	49,230	-	-
Fund 6840 Title II			S367A190013	-	10,957	-	4,043
Fund 6841 Title II			S367A190013	-	114,227	-	39,601
Fund 6842 Title II			S367A200013	-	-	-	86,242
Total - Supporting Effective Instruction State Grants				-	174,414	-	129,886
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Fund 5842 Title IV			S424A180015	-	2,507	-	-
Fund 5843 Title IV			S424A190015	-	51,037	-	6,339
Fund 5844 Title IV			S424A200015	-	-	-	36,443
Total - Student Support and Academic Enrichment Program				-	53,544	-	42,782

HUNTINGTON COUNTY 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
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Fund 7940 GEER		84.425C	S425C200018	-	-	-	16,205
Fund 7941 ESSER		84.425D	S425D200013	-	422,841	-	231,982
Fund 7931 ESSER II		84.425D	S425D210013	-	-	-	952,304
Fund 7923 ESSER III		84.425U	S425U210013	-	-	-	362,439
<b>Total - COVID-19 - Education Stabilization Fund</b>				<b>-</b>	<b>422,841</b>	<b>-</b>	<b>1,562,930</b>
<b>Total - Department of Education</b>				<b>-</b>	<b>2,706,993</b>	<b>-</b>	<b>4,007,307</b>
<u>Department of Health and Human Services</u>							
<u>Medicaid Cluster</u>							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Individualized Education Program (IEP)			FY 2021	-	222,161	-	-
Individualized Education Program (IEP)			FY 2022	-	-	-	265,260
<b>Subtotal - Medical Assistance Program</b>				<b>-</b>	<b>222,161</b>	<b>-</b>	<b>265,260</b>
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming (MAC)			FY 2021	-	12,977	-	-
Medicaid Administrative Claiming (MAC)			FY 2022	-	-	-	54,076
<b>Total - Medical Assistance Program</b>				<b>-</b>	<b>235,138</b>	<b>-</b>	<b>319,336</b>
<b>Total - Medicaid Cluster</b>				<b>-</b>	<b>235,138</b>	<b>-</b>	<b>319,336</b>
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994					
Fund 3950 Indiana Healthy Schools Grant			FY 2021	-	9,992	-	-
Fund 3959 Indiana Healthy Schools Grant			FY 2022	-	-	-	11,604
<b>Total - Maternal and Child Health Services Block Grant to the States</b>				<b>-</b>	<b>9,992</b>	<b>-</b>	<b>11,604</b>
<b>Total - Department of Health and Human Services</b>				<b>-</b>	<b>245,130</b>	<b>-</b>	<b>330,940</b>
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 5,927,842</b>	<b>\$ -</b>	<b>\$ 7,855,678</b>

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

HUNTINGTON COUNTY 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.

HUNTINGTON COUNTY 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
84.425	Child Nutrition Cluster	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**

**FINDING 2022-001**

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

*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 Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation did not 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.

HUNTINGTON COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

1. The Child Nutrition Cluster commodities were overstated by \$4,130 and \$23,554, for fiscal years 2020-2021 and 2021-2022, respectively.
2. The COVID-19 - Pandemic EBT Administrative Costs grant of \$3,063, was originally shown within the National School Lunch Program for 2021-2022, which overstated the National School Lunch Program expenditures.
3. The State Energy Program Grant was omitted for 2020-2021, which understated expenditures by \$25,000.
4. The Supporting Effective Instruction State Grants expenditures were understated by \$49,230 for 2020-2021.
5. The Medical Assistance Program grant was omitted, which understated expenditures by \$235,138 and \$319,336 for 2020-2021 and 2021-2022, respectively.
6. The Maternal and Child Health Services Block Grant to the States grant was omitted, which understated expenditures by \$9,992 and \$11,604 for 2020-2021 and 2021-2022, respectively.
7. Other errors included incorrect program names and identifying numbers.

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

*Criteria*

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

HUNTINGTON COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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.
- (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."

HUNTINGTON COUNTY 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 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 2022-002**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425C, 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D200013,  
S425D210013, S425U210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The School Corporation had not designed, nor implemented a system of internal controls to ensure that the annual Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) annual Data Collection reports (Reports) were complete and accurately submitted. The Reports were prepared and submitted in JotForm, the online application used by the Indiana Department of Education to collect information, by one employee without an oversight or review process in place to prevent, or detect and correct, errors.

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

HUNTINGTON COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed nor implemented 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 internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting 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 related to the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

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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.



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John Trout, Superintendent | Jay Peters, Director of Elementary Education | Chuck Brimbury, Director of Secondary Education

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-001**

Fiscal year in which the finding initially occurred: 2018-2019  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Ken Akins/Edette Eckert  
Contact Phone Number: 260-356-6104 or 260-356-8312

#### Status of Audit Finding:

As of June 2021, the Food Service Director presents and receives board approval when a PLE Exemption is received. This is the same process we use when we do not receive an exemption.

### **FINDING 2020-002**

Fiscal year in which the finding initially occurred: 2014-2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Ken Akins/Edette Eckert  
Contact Phone Number: 260-356-6104 or 260-356-8312

#### Status of Audit Finding:

As of June 2021 the Food Service Director provides a signed monthly sales report from the food service software to the Treasurer. The Treasurer transfers the actual sales number from the 8400 fund to the 0800 fund. Once the transfer is complete the ending balances are compared to the financial software for differences and an adjustment is done for any difference.

### **FINDING 2020-003**

Fiscal year in which the finding initially occurred: 2017-2018  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Ken Akins, Edette Eckert  
Contact Phone Number: 260-356-8312

#### Status of Audit Finding:

As of June 2021 the Corporation Treasurer has created Federal and Non-Federal funded purchasing guidelines that has been distributed to all administrators and directors and secretaries. Price comparisons, quotes, bids and board approval will occur as required depending on the funding source. The Corporation Treasurer runs a report from the financial software of vendors that HCCSC paid in excess of \$25,000 from Federal Funds in which we have a contract. An inquiry is performed on each vendor to ensure they have not been suspended or debarred from participation in a federal program. The Food Service Director includes has the vendor include this in their agreement when possible. All documentation will be reviewed and kept in a folder by calendar and fiscal year.



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## CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

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

Contact Person Responsible for Corrective Action: Edette Eckert  
Contact Phone Number: 260-356-8312

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

The SEFA reporting in Gateway will be reviewed by a Director, Superintendent or someone in the business department other than the preparer prior to submitting the report and a hard copy of the report will be printed and approved by the Superintendent or someone other than the submitter.

Anticipated Completion Date: June 2023



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## CORRECTIVE ACTION PLAN

### **FINDING 2022-002**

Contact Person Responsible for Corrective Action: Edette Eckert  
Contact Phone Number: 260-356-8312

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

Data collections will be reviewed by someone in the business department other than the preparer prior to submitting the report and a hard copy of the report will be printed and approved by the Superintendent or someone other than the submitter.

Anticipated Completion Date: April 2023



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## 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/>.