

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

RICHMOND COMMUNITY SCHOOLS

WAYNE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/30/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Scalf	07-01-20 to 06-30-23
Superintendent of Schools	Todd Terrill (Vacant) Dr. Jennifer O'Brien (interim) Dr. Curtis Wright	07-01-20 to 07-17-20 07-18-20 to 07-21-20 07-22-20 to 06-30-21 07-01-21 to 06-30-23
President of the School Board	Brad Walton John Weber Nicole Stults	07-01-20 to 12-31-20 01-01-21 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 RICHMOND COMMUNITY SCHOOLS, WAYNE 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 Richmond Community Schools(School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 23, 2023, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

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

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

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

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

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

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

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 23, 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 RICHMOND COMMUNITY SCHOOLS, WAYNE COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

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

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

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

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2020 to June 30, 2022.

**Basis for Qualified and Unmodified Opinions**

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

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

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

*Matters Giving Rise to Qualified Opinion on 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 2022-002 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.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

**Other Matters**

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 items 2022-001 and 2022-003. 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.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, and 2022-003 to be material weaknesses.

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

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

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement. We issued our report thereon dated March 23, 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 23, 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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RICHMOND COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program							
School Breakfast Program FY22	Indiana Department of Education	10.553	2021-2022	\$ -	\$ -	\$ -	\$ 739,298
Total - School Breakfast Program				-	-	-	739,298
National School Lunch Program							
School Lunch Program FY21	Indiana Department of Education	10.555	2020-2021	-	440	-	-
Commodities FY21			2020-2021	-	247,375	-	-
Commodities FY22			2021-2022	-	-	-	292,916
School Lunch Program FY22			2021-2022	-	-	-	2,113,436
SNP Emergency Funds			2021-2022	-	-	-	166,277
Subtotal - National School Lunch Program				-	247,815	-	2,572,629
COVID-19 - National School Lunch Program							
COVID-19 - School Lunch Program FY21	Indiana Department of Education	10.555	2020-2021	-	686	-	-
Total - National School Lunch Program				-	248,501	-	2,572,629
Summer Food Service Program for Children							
Summer Food Service Program FY21	Indiana Department of Education	10.559	2020-2021	-	1,844,738	-	-
Summer Food Service Program FY22			2021-2022	-	-	-	101,631
COVID-19 - Summer Food Service Program for Children							
COVID-19 - Summer Food Service Program FY21	Indiana Department of Education	10.559	2020-2021	-	724,130	-	-
Total - Summer Food Service Program for Children				-	2,568,868	-	101,631
Total - Child Nutrition Cluster				-	2,817,369	-	3,413,558
Child and Adult Care Food Program							
CACFP FY21	Indiana Department of Education	10.558	2020-2021	-	469,574	-	-
CACFP FY22			2021-2022	-	-	-	627
Total - Child and Adult Care Food Program				-	469,574	-	627
Fresh Fruit and Vegetable Program							
Fresh Fruit and Vegetable Program FY21	Indiana Department of Education	10.582	2020-2021	-	82,375	-	-
Total - Fresh Fruit and Vegetable Program				-	82,375	-	-
Total - Department of Agriculture				-	3,369,318	-	3,414,185
<b>Department of Energy</b>							
State Energy Program							
OED Grant FY22	Indiana Office of Energy Development	81.041	DE-EE0008647	-	-	-	32,312
Total - State Energy Program				-	-	-	32,312
Total - Department of Energy				-	-	-	32,312

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education FY19			19611-059-PN01	-	66,397	-	64,007
Special Education FY20			20611-059-PN01	-	1,093,085	-	96,898
Special Education FY21			21611-059-PN01	-	204,777	-	1,226,812
Special Education FY22			22611-059-PN01	-	-	-	37,902
Total - Special Education Grants to States				-	1,364,259	-	1,425,619
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool FY17			17611-059-PN01	-	8	-	-
Special Education Preschool FY19			19619-059-PN01	-	20,002	-	4,099
Special Education Preschool FY20			20619-059-PN01	-	40,806	-	40,624
Special Education Preschool FY21			21619-059-PN01	-	-	-	57,975
Total - Special Education Preschool Grants				-	60,816	-	102,698
Total - Special Education Cluster (IDEA)				-	1,425,075	-	1,528,317
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education			AE20-509	-	-	-	59,857
Adult Education			AE21-509	-	-	-	18,374
Adult Education			V002a190014	-	80,699	-	-
Total - Adult Education - Basic Grants to States				-	80,699	-	78,231
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I FY19			S010A190014	-	744,507	-	-
Title I School Improvement FY20			S010A200014	-	267,290	-	-
Title I FY20			S010A200014	-	1,133,385	-	801,523
Title I School Improvement			S010A210014	-	-	-	253,021
Title I FY21			S010A210014	-	-	-	697,028
Total - Title I Grants to Local Educational Agencies				-	2,145,182	-	1,751,572
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Perkins Assessment FY19			19-0512-8385	-	60,860	-	-
Perkins Assessment FY20			20-0512-A028	-	468	-	1,823
Perkins Assessment FY21			21-0512-8385	-	61,375	-	97,149
Perkins COVID Assistance			21-0512-C028	-	24,302	-	-
Total - Career and Technical Education -- Basic Grants to States				-	147,005	-	98,972
Rural Education	Indiana Department of Education	84.358					
Rural Low Income Schools			S424a18-200015	-	20,464	-	-
Rural Low Income Schools			S424a20-200015	-	-	-	155,504
Total - Rural Education				-	20,464	-	155,504

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III FY18			S365A18004	-	693	-	-
Title III FY19			S365A190014	-	32,068	-	11,142
Title III FY20			S365A20004	-	-	-	16,280
<b>Total - English Language Acquisition State Grants</b>				<b>-</b>	<b>32,761</b>	<b>-</b>	<b>27,422</b>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title III - FY19			S67A190013	-	132,505	-	118,173
Title III - FY18			S67A180014	-	43,910	-	-
Title III - FY20			S67A200015	-	9,786	-	184,544
Teachers As Leaders Bootcamp			8385 -Belanga	-	2,400	-	-
Teachers As Leaders Bootcamp			8385 -Wilburn	-	-	-	3,548
<b>Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)</b>				<b>-</b>	<b>188,601</b>	<b>-</b>	<b>306,265</b>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV FY18			S424A180015	-	98,685	-	-
Title IV FY19			S424A190015	-	105,085	-	74,488
Title IV FY20			S424A200015	-	30,159	-	92,793
<b>Total - Student Support and Academic Enrichment Program</b>				<b>-</b>	<b>233,929</b>	<b>-</b>	<b>167,281</b>
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
GEER		84.425C	S425C200018	-	537,279	-	175,947
Cares I (ESSR I)		84.425D	S425D200013	-	923,144	-	521,159
Cares II (ESSR II)		84.425D	S425D210013	-	143,133	-	1,899,292
Cares III (ESSR III)		84.425U	S425U210013	-	-	-	1,916,503
<b>Total - COVID-19 - Education Stabilization Fund</b>				<b>-</b>	<b>1,603,556</b>	<b>-</b>	<b>4,512,901</b>
<b>Total - Department of Education</b>				<b>-</b>	<b>5,877,272</b>	<b>-</b>	<b>8,626,465</b>
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming (IMAC) FY 21			FY 2020-2021	-	7,604	-	-
Medicaid Administrative Claiming (IMAC) FY 22			FY 2021-2022	-	-	-	35,253
<b>Total - Medical Assistance Program</b>				<b>-</b>	<b>7,604</b>	<b>-</b>	<b>35,253</b>
<b>Total - Medicaid Cluster</b>				<b>-</b>	<b>7,604</b>	<b>-</b>	<b>35,253</b>
<b>Total - Department of Health and Human Services</b>				<b>-</b>	<b>7,604</b>	<b>-</b>	<b>35,253</b>
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 9,254,194</b>	<b>\$ -</b>	<b>\$ 12,108,215</b>

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

RICHMOND COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

*A. Basis of Presentation*

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

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

*B. Other Significant Accounting Policies*

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

**Note 2. Indirect Cost Rate**

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

RICHMOND COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster	Unmodified
84.425	Title I Grants to Local Educational Agencies	Unmodified
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
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**Section II - Financial Statement Findings**

No matters are reportable.

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

**FINDING 2022-001**

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management  
 Federal Agency: Department of Education  
 Federal Program: COVID-19 - Education Stabilization Fund  
 Assistance Listings Number: 84.425U  
 Federal Award Number and Year (or Other Identifying Number): S425U210013  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Equipment and Real Property Management  
 Audit Findings: Material Weakness, Other Matters

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

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation had not implemented internal controls to ensure that capital assets were added to the capital asset ledger. One piece of equipment purchased for \$23,346, was not added to the capital asset ledger. Additionally, the asset was not properly maintained or safeguarded.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . .
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. . . ."

*Cause*

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 Equipment and Real Property Management compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirement could result in the loss of future federal funds to the School Corporation.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective system of internal controls to ensure compliance and comply with the Equipment and Real Property Management compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2022-002**

Subject: 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: 84.425C, 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425C200018, S425D210013,  
S425U210013  
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 not in place 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.

The School Corporation did not have adequate policies or procedures to ensure that construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. Four construction contracts during the audit period subject to the wage rate requirements; however, none of the contracts had the required prevailing wage rate clause included, nor were certified payrolls submitted by the contractor.

The lack of internal controls and sufficient appropriate audit evidence were systemic issues throughout the audit period.

RICHMOND COMMUNITY SCHOOLS  
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). . . ."

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. . . .

(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. . . .

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

(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 a 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 establish an effective internal control system and retain appropriate supporting documentation 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 and retain appropriate supporting documentation 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.

**FINDING 2022-003**

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

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

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

The School Corporation did not obtain price or rate quotes for one of three vendors tested that were less than the simplified acquisition threshold of \$150,000 but exceeded the \$10,000 micro-purchase threshold. The micro-purchase threshold may be increased, but the School Corporation did not provide documentation that the threshold had been increased. Documentation showing full and open competition and detailing the history of procurement, which must include the reason for the procurement method used, was not available for audit. Additionally, the School Corporation did not obtain a contract for one vendor as required by Indiana Code for purchases between \$50,000 and \$150,000. As such, the School Corporation did not verify that this vendor was not excluded or disqualified from participation in federal assistance programs or activities.

The lack of internal controls and noncompliance related to procurement were isolated to fiscal year 2021-2022. The lack of controls and noncompliance related to suspension and debarment was isolated to the vendor noted above in 2021-2022.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

"(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must confirm to the procurement standards identified in §§ 200.317 through 200.327. . . ."

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

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

2 CFR 200.320 states in part:

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

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

(2) *Small purchases –*

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

Indiana Code 5-22-8-3 states in part:

"(a) This section applies only if the purchasing agent expects the purchase to be:

(1) at least fifty thousand dollars (\$50,000); and

(2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

2 CFR 180.300 states:

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

(a) Checking SAM Exclusions; or

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

*Cause*

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

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

*Effect*

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

*Recommendation*

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

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



# Richmond Community Schools

300 Hub Etchison Parkway · Richmond, IN 47374  
Phone: (765) 973-3300

03/02/23

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-001***

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: SEFA entry of data is verified by dual controls to include signatures between the Business and the Superintendent Offices. Fund names, CFDA numbers, etc. will be updated to reflect names and pass through entities provided by state and federal agencies. Food Service Program information will be entered based on sign offs between the food service management company and RCS which will include documentation from the Division of Food and Nutrition programs. This process was implemented for both the FY21 and FY22 uploads.

### ***FINDING 2020-002***

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Along with the monthly comparison of revenue and expenses to the previous year, a quarterly comparison will be calculated using the revenue, expenditure, and fund reports. On at least a quarterly basis, the totals will be added to 3 previous quarter figures. This average will help determine the allowable cash balance. Notes will be made if the cash balance is higher than allowable, should a near future purchase be expected. Review and sign off is done between the Coordinator of Food Services or the Food Services Management Company and the Chief Financial Officer. This process was implemented during the FY21 school year.

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

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Time and Effort Logs are maintained for all employees paid from federal grants, specifically Title I. Logs are completed by employees, signed off by building or department supervisor/administrator and the Title I grant administrator on a schedule determined by grant deadlines and requirements. Original records are maintained by the Title I district office and kept for the appropriate retention period per the Indiana School Retention Schedule. Copies are to also be provided to the Department of Human Resources for placement in the individual employee file to be obtained upon request of the Superintendent, CFO, or SBOA at any time.

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

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Signatures are obtained by Student Data Management personnel prior to finalizing uploads and submittals, specifically the Annual Report Card and High School Graduation Rate. Signatures are obtained from the Office of the Superintendent, Chief Financial Officer, or Chief Human Resource Officer depending on availability. This process was implemented prior to the start of the audit period.

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# Richmond Community Schools

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

Contact Person Responsible for Corrective Action: Karen Scalf, Chief Financial Officer

Contact Phone Number: (765)973-3406

Views of Responsible Official:

Richmond Community Schools agrees with the finding. Departments under new leadership have not been maintaining the most appropriate records with regard to inventory of school equipment and technology.

Description of Corrective Action Plan:

The Chief Financial Officer will meet with Superintendent's Cabinet, Directors of Grant Administration, and Technology to review the most appropriate record keeping practices and expectations for maintaining accurate and detailed inventories of school equipment, textbooks, technology, furniture, etc. The inventory list is to be provided to the Business Office on or before June 30 of each calendar year and will be used to improve the information contained in the corporation fixed asset report. The fixed asset report will be updated at least every other year per Board Policy.

Anticipated Completion Date: April 7, 2023

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

Contact Person Responsible for Corrective Action: Karen Scalf, Chief Financial Officer

Contact Phone Number: (765)973-3406

Views of Responsible Official:

Richmond Community Schools agrees with the finding. The project threshold of \$2,000 was unknown to RCS, however, appropriate record keeping has not been maintained on projects above this threshold.

Description of Corrective Action Plan:

The Chief Financial Officer will meet with the Facilities Director and Superintendent to review appropriate controls. The Facility Director will deliver to the Business Office on a weekly basis, wage and hour reports and verification that all necessary documentation, communications, and postings are being maintained for any project in excess of \$2,000 paid from federal funds. Communications between Facility Director(s) and vendors are to be conducted in writing either in follow up to verbal communications or as record that the information has been provided directly between RCS and the Vendor. Any and all architects, project managers, or

professional service providers will also be provided or will provide the same communication(s) to all parties if they are the source of origin.

Anticipated Completion Date: April 7, 2023

***FINDING 2022-003***

Contact Person Responsible for Corrective Action: Karen Scalf, Chief Financial Officer

Contact Phone Number: (765)973-3406

Views of Responsible Official:

Richmond Community Schools agrees with this finding as this information was unknown and the purchases made were at separate times throughout the year, were cumulative totals, and were due to unexpected equipment breakages. Suspension and Debarment and appropriate contractual controls are important to RCS and routine internal controls are in place. The one sample noted was verified in INBiz at the Indiana Secretary of State's office as we were unaware that only Sam.gov was permissible as the verification tool. It is routine practice for RCS to verify both areas, however documentation did not exist for the Sam.gov check on this particular sample during the audit period.

Description of Corrective Action Plan:

The Chief Financial Officer will review with the Business Office and RCS Administrators the necessity for Suspension and Debarment compliance as well as the appropriate processes. Vendors will be checked in Sam.gov prior to any new acceptance of vendors and any new receipt of W-9 Forms. Verifications of this check will be screen prints of the Sam.gov page, dates, and initials of the employee who verified Sam.gov. Vendors who are not in good standing and are not active in Sam.gov will not be accepted for transaction in any federal fund. RCS will also try our best to coordinate contracts with vendors on purchases between \$50,000 and \$150,000 during the budget year. These contracts may be approved after the purchase as purchases such as this occur due to unexpected breakages or emergencies.

Anticipated Completion Date: April 7, 2023

Sincerely,



Karen Scalf  
Chief Financial Officer

## 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/>.