

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

**Paul D. Joyce, CPA
State Examiner**

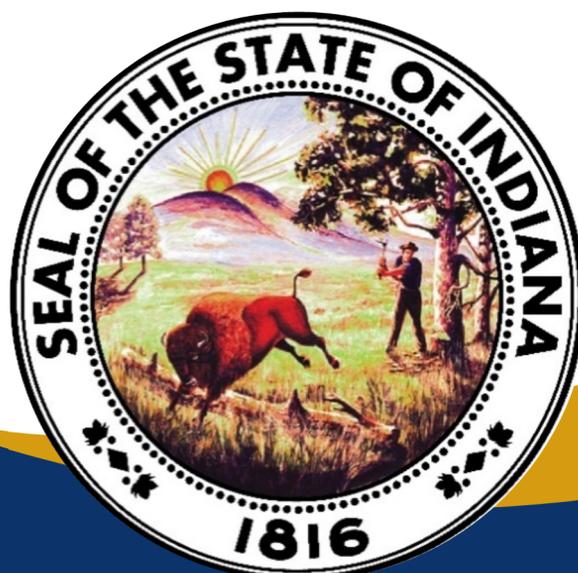
FEDERAL COMPLIANCE AUDIT REPORT

OF

SOUTH BEND COMMUNITY SCHOOL CORPORATION

SAINT JOSEPH COUNTY, INDIANA

July 1, 2022 to June 30, 2023



FILED

03/16/2026

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-40
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	42-50
Corrective Action Plan	51-62
Other Reports.....	63

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kareemah Fowler	07-01-22 to 09-30-24
	Ahnaf Tahmid (interim)	10-01-24 to 10-06-24
	Ahnaf Tahmid	10-07-24 to 06-30-26
Superintendent of Schools	Dr. C. Todd Cummings	07-01-22 to 02-18-25
	Mansour Eid (interim)	02-19-25 to 05-04-25
	Mansour Eid	05-05-25 to 06-30-26
President of the School Board	John Anella	01-01-22 to 12-31-23
	Dr. Stuart Greene	01-01-24 to 12-31-24
	Jeanette McCullough	01-01-25 to 12-31-25
	Dr. Stuart Greene	01-01-26 to 06-30-26



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

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL
CORPORATION, SAINT JOSEPH 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 South Bend Community School Corporation (School Corporation), for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 5, 2026, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

South Bend 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

February 5, 2026



Paul D. Joyce, CPA
State Examiner

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

TO: THE OFFICIALS OF THE SOUTH BEND COMMUNITY SCHOOL CORPORATION, SAINT JOSEPH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the South Bend 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 year ended June 30, 2023. 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 year ended June 30, 2023.

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.

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 2023-004, 2023-005, 2023-006, 2023-007, 2023-009, and 2023-010. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, and 2023-010, to be material weaknesses.

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 year ended June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 5, 2026, 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

February 5, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

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 Subrecipients 6/30/2023	Total Federal Awards Expended 6/30/2023
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	Breakfast FY22/23	\$ -	\$ 2,979,484
School Breakfast Program					
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555	Lunch FY22/23	-	8,049,846
Center Meals			Center Meals FY 22/23	-	660,120
Supply Chain Assistance			Supply Chain FY 22/23	-	702,471
After School Snack			Snack FY22/23	-	1,502
Commodities			Commodities FY 22/23	-	884,125
Total - National School Lunch Program				-	10,298,064
Summer Food Service Program for Children					
Operations	Indiana Department of Education	10.559	Oper FY 22/23	-	256,932
Administrative			Admin FY 22/23	-	21,778
Total - Summer Food Service Program for Children				-	278,710
Fresh Fruit and Vegetable Program					
	Indiana Department of Education	10.582	FY 22/23	-	251,519
Total - Child Nutrition Cluster				-	13,807,777
Child and Adult Care Food Program					
Cash IN-Lieu	Indiana Department of Education	10.558	Cash In-Lieu FY22/23	-	47,827
COVID-19 - Pandemic EBT Administrative Costs					
	Indiana Department of Education	10.649	FY 22/23	-	5,950
Total - Department of Agriculture				-	13,861,554
Department of Education					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Special Education Grants			21611-51-PN01	-	1,562,167
Special Education Grants			22611-51-PN01	-	5,881,563
Subtotal - Special Education Grants to States				-	7,443,730
COVID-19 - Special Education Grants to States					
	Indiana Department of Education	84.027X	22611-51-ARP	-	814,830
Total - Special Education Grants to States				-	8,258,560

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

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 Subrecipients 6/30/2023	Total Federal Awards Expended 6/30/2023
Special Education Preschool Grants	Indiana Department of Education	84.173			
Special Education Preschool			21619-51-PN01	-	90,744
Special Education Preschool			22619-51-PN01	-	245,152
Total - Special Education Preschool Grants				-	335,896
Total - Special Education Cluster (IDEA)				-	8,594,456
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002			
Adult Ed Basic 2022-2023			AE22-23	-	49,085
Adult Education - Basic Grants to States 2021-2022			AE21-22	-	80,103
Total - Adult Education - Basic Grants to States				-	129,188
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Basic Grant Project Year 2021			S010A200014	-	611,442
Title I Basic Grant Project Year 2022			S010A210014	-	7,871,735
Title I Basic Grant Project Year 2023			S010A220014	-	1,996,305
Total - Title I Grants to Local Educational Agencies				-	10,479,482
Migrant Education State Grant Program	Indiana Department of Education	84.011			
Migrant Education State Grant Program 2020-2021			S011A200014	-	198,345
Migrant Education State Grant Program 2021-2022			S011A210014	-	348,555
Total - Migrant Education State Grant Program				-	546,900
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048			
Perkins Basic Plan 2021-2022			V048A210014	-	135,219
Perkins Basic Plan 2022-2023			V048A220014	-	279,375
Total - Career and Technical Education - Basic Grants to States				-	414,594
School Safety National Activities	Direct Grant	84.184			
Developing Equity and Excellence 2021-2022			S184M190012	-	1,476,997

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

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 Subrecipients 6/30/2023	Total Federal Awards Expended 6/30/2023
Innovative Approaches to Literacy; Promise Neighborhoods; and Full-Service Community Schools <i>CALL: Celebrating Achievement in Literacy thru Libraries</i>	Direct Grant	84.215	S215G210025	-	915,979
Gaining Early Awareness and Readiness for Undergraduate Programs <i>GEAR UP South Bend</i>	Direct Grant	84.334	P334A210080	-	2,100,116
Teacher Quality Partnership Grants Preparing Teacher Leaders 2021-2022	Direct Grant	84.336	U336S190016	-	1,221,265
English Language Acquisition State Grants Title II FFY 20 Title II FFY 21	Indiana Department of Education	84.365	S365A200014 S365A190014	- -	32,289 24,333
Total - English Language Acquisition State Grants				-	56,622
Supporting Effective Instruction State Grants FFY 2019 Title II A Supporting Effective Instruction 2021 FFY 2019 Title II A Supporting Effective Instruction 2022	Indiana Department of Education	84.367	S367A190013 S367A20013-20A	- -	753,880 834,476
Total - Supporting Effective Instruction State Grants				-	1,588,356
Teacher and School Leader Incentive Grants LEAP Grant	Direct Grant	84.374	S374A200039	-	6,406,109
Student Support and Academic Enrichment Program Title IV Part A (2021-2022) Title IV Part A (2021-2022) Title IV Part A (2022-2023)	Indiana Department of Education	84.424	S424A190015 S4242000015 S424A210015	- - -	110,022 425,644 55,329
Total - Student Support and Academic Enrichment Program				-	590,995

SOUTH BEND COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2023

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 Subrecipients 6/30/2023	Total Federal Awards Expended 6/30/2023
COVID-19 - Education Stabilization Fund	Indiana Department of Education				
Governor's Emergency Education Relief Fund		84.425C	S425C200018	-	1,086,382
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	906,877
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D210013	-	10,485,175
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund		84.425U	S425U210013	-	14,089,996
American Rescue Plan HCY I and II		84.425W	S425W210015	-	16,979
				<u>-</u>	<u>26,585,409</u>
Total - COVID-19 - Education Stabilization Fund				-	26,585,409
Total - Department of Education				<u>-</u>	<u>61,106,468</u>
Department of Health and Human Services					
Medicaid Cluster					
Medical Assistance Program		93.778			
Medical Assistance Program - IEP	Indiana Family and Social Services Administration		FY 2022-2023	-	314,919
Medical Assistance Program - MAC	Indiana Department of Education		FY 2022-2023	-	126,204
				<u>-</u>	<u>441,123</u>
Total - Medical Assistance Program				-	441,123
Total - Medicaid Cluster				<u>-</u>	<u>441,123</u>
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Indiana Department of Education	93.079	40093079YRBESH23	-	1,050
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Indiana Department of Education	93.243			
Project AWARE Expansion, Cohort 2			7002179SM080975	-	2,129
				<u>-</u>	<u>2,129</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Indiana Department of Education	93.566	700REFSOCVCF22	-	12,080
				<u>-</u>	<u>12,080</u>
Total - Department of Health and Human Services				-	456,382
Total Federal Awards Expended				<u>\$ -</u>	<u>75,424,404</u>

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

SOUTH BEND 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 award activity of the School Corporation under programs of the federal government for the year ended June 30, 2023. 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.

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.

SOUTH BEND 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
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$2,262,732

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

Finding 2023-001

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

Condition and Context

Internal controls within the School Corporation are the policies and procedures established to safeguard assets, ensure accurate financial reporting, and maintain compliance with laws and regulations. Deficiencies were identified in the School Corporation's internal control system over financial transactions and reporting.

The School Corporation had not implemented an effective framework of internal controls to ensure the separation of incompatible duties in the areas noted below. As a result, weaknesses in the internal control environment allowed instances of noncompliance to occur and remain undetected during the audit period.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Transactions and Reporting

The June 30, 2023 financial information required for submission into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system was prepared by the Director of Internal Audit and reviewed by the Treasurer. Following review, the Director of Internal Audit entered the data into the AFR, and the Treasurer completed the submission. However, the School Corporation was unable to provide documentation verifying that the financial information was formally reviewed and approved both prior to its entry into the AFR and after its submission.

Cash and Investments

The School Corporation operated 11 separate bank accounts which included 3 sweep accounts. The following deficiencies were noted:

- The Payroll Account bank reconciliations were not current at June 30, 2023, and remained incomplete until July 2025.
- A separate bank account established strictly for electronic vendor payments was present in the School Corporation's accounting system; however, this account had never been reconciled.
- Sweep transactions were either omitted or posted to the wrong bank in the accounting system, causing numerous unreconciled items in the bank reconciliations.
- Reconciling items were identified across all account reconciliations; however, many were not addressed or corrected in either the School Corporation's accounting system or the respective bank accounts. Several reconciling items have remained unresolved for extended periods, with some dating back as far as 2019.
- Checks that had cleared the bank were not removed from the outstanding checklist and continued to be carried forward on the subsequent reconciliation reports.
- A combined bank reconciliation had not been prepared to include all bank accounts, preventing verification of the ending cash balance recorded in the accounting system.

Disbursements

Vendor Claims

The School Corporation's procedures required vendor invoices and claim forms to be signed by the appropriate department head and then routed to an authorized Finance Department Director, such as the Deputy Treasurer, CFO, Budget Director, or another designated approver, before Accounts Payable processed the payment. However, documentation confirming these approvals was not consistently available. Furthermore, in some instances, invoices were processed without the required supporting documentation to verify that proper approval had been obtained.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

EFTs

The School Corporation required two-factor authentication for electronic funds transfer payment approvals. The School Corporation was unable to provide documentation demonstrating that the internal control had been designed and implemented to ensure segregation of duties within the payment process. Specifically, no evidence was available to verify that the individual who prepared payments was separate from the individual who approved them.

Credit Card Payments

Credit card transactions were processed without documented prior authorization, management review, purchase order initiation, or budgetary review. These transactions occurred outside the standard accounting system procedures and bypassed the established procurement and credit card policies.

Procurement Card Expense Reports

School Corporation employees who were authorized to use credit cards were required to submit Procurement Card Expense reports. These reports itemized all credit card purchases made during the month and included the corresponding fund, account, and object code for each transaction, along with supporting documentation. However, no documented evidence was available to verify that the reports had been reviewed or approved by management.

Self-Insurance

The School Corporation's prior Budget Director reviewed the Anthem claims and initiated the claims payment process. During risk assessment procedures, it was determined that the documentation attached to the self-insurance claims did not provide a breakdown of the individual claimants. Although the claims were reviewed by Accounts Payable and the Payroll Administrator and prior Budget Director, the review was limited to the invoice itself. As a result, there was no evidence to verify that payments were made solely on behalf of School Corporation employees, and, if applicable, their dependents.

Payroll

Employer's Quarterly Tax Return Form 941 Schedule B

The Accounts Payable Administrator ran the Employer's Quarterly Federal Tax Return Form 941 and the supplemental worksheet Schedule B report from the School Corporation's accounting system. This form verifies that all required 941 tax deposits made each payroll period were accurate and complete. There was no documented evidence of review by a supervisor or independent review.

W-2 Wage and Tax Statements

The School Corporation was responsible for submitting W-2 Wage and Tax Statements, which are the documents employers must provide to each employee and to the Internal Revenue Service at the end of every tax year. The School Corporation W-2 file was issued without documented review.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Distribution and Exception Reports

The Payroll Supervisor was responsible for running Payroll Distribution reports and Exception reports. The Exception reports provide a list of errors with employee pay for the payroll period. The Payroll Distributions report lists all employees who received payment during a specified pay period. There was no documented evidence of review of either of these reports.

Average Daily Membership

The School Corporation maintains a policy requiring Average Daily Membership (ADM) review prior to submission; however, the first ADM report for the 2022-2023 fiscal year was uploaded without verification by either the Superintendent of Schools or the CFO. In addition, the School Corporation did not have a formally adopted (or readopted) residency policy in place during the audit period.

Transfers

Transfers were processed without the required supporting documentation to verify that proper internal approval had been obtained. The School Corporation procedures required that all transfers be approved or initiated by the Director of Internal Audits, the District Budget Director, or the Director of Federal Grants before being routed to the District Accountant or designated staff for processing. No documentation was available to confirm that these approvals occurred.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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. . . .

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. Clear documentation should be maintained for continuity as well as ease of communication to outside parties."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . ."

"A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure the preservation of public records. [IC 5-15-1-1]. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

The deficiencies were attributable to the School Corporation's lack of an internal control framework that ensured segregation of incompatible duties. Management did not implement adequate oversight or monitoring to detect weaknesses in financial transaction processing and reporting, and existing policies were not consistently applied.

Effect

As a result of these deficiencies, the School Corporation's internal control environment did not provide reasonable assurance that financial transactions were properly authorized, accurately recorded, or compliant with statutory requirements. This increased the risk that errors, irregularities, or instances of noncompliance could occur and remain undetected.

Views of Responsible Officials

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

FINDING 2023-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation did not establish effective internal controls over the federal award information entered into the Annual Financial Report (AFR) through the Indiana Gateway for Government Units (Gateway) financial reporting system, which serves as the source for the Schedule of Expenditures of Federal Awards (SEFA).

The June 30, 2023 grant information used to prepare the SEFA was compiled by the Director of Federal Grants and provided to the Director of Internal Audit for entry into Gateway. The Treasurer was responsible for reviewing the information after it was entered into Gateway and completing the submission. However, the School Corporation was unable to provide documentation verifying the information was formally reviewed and approved both prior to its entry into Gateway and after its submission.

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

- The School Breakfast Program expenditures were understated by \$2,979,484 as of June 30, 2023.
- The National School Lunch Program expenditures were understated by \$7,948,337 as of June 30, 2023.
- Multiple grants had individual errors that resulted in total overstatements of expenditures of \$1,118,400 and total understatements of expenditures of \$6,815,098.
- Other errors included incorrect program names, Assistance Listings Numbers, and identifying numbers.

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

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

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:

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

The responsibilities for preparing and reviewing grant-related information were assigned to a limited number of personnel which may not have been sufficient given the complexity of the federal award reporting requirements. Staff involved in the SEFA preparation may not have received adequate training on federal reporting requirements or the use of Gateway.

Effect

The lack of effective internal controls resulted in significant errors in federal award reporting, including misstatements in major programs and inaccurate grant details. These issues required additional audit procedures, which increased both the length and complexity of the audit. Inaccurate reporting raised the risk of noncompliance with federal requirements and compromised the reliability of the SEFA. Misstatements may go undetected, leading to delays in audit completion and increased resource demands. These deficiencies also heightened the risk of delayed federal reimbursements, potential loss of future funding, and reduced transparency. Ultimately, such errors can diminish overall confidence in the School Corporation's financial management.

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 2023-003

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Findings

A similar finding related to internal controls was included in the immediately prior audit report. The prior audit finding number was 2022-002.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, issues related to the grant agreement and the Activities Allowed or Unallowed and the Matching, Level of Effort, Earmarking compliance requirements.

Activities Allowed or Unallowed

Title I Payroll Distribution reports were reviewed and approved by the Title I Director or Title I Budget Supervisor to confirm that payroll charges were allowable under the grant. However, the review process was not formally documented and, as a result, could not be verified.

Level of Effort

The department heads responsible for federal grants, along with the Director of Internal Audits, initiated a review of the Payroll Distribution report to verify that employees were paid from the appropriate funds. However, the review was limited to certain funds and did not encompass all funds within the School Corporation.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation did not establish or implement a proper system of internal controls. Documented procedures were either missing or insufficient to ensure proper review of payroll expenses. Payroll distribution reviews were limited to certain funds and lacked formal documentation, leaving oversight incomplete and inconsistent.

Effect

The lack of documentation demonstrating appropriate reviews of payroll charges by the School Corporation was present throughout the audit period, which increased the risk that employees could be paid from incorrect funds and compliance with grant requirements could not be demonstrated.

Questioned Costs

There were no questioned costs identified.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

The School Corporation should develop and implement a formal internal control system specifically designed to ensure appropriate documentation and review of payroll charges. This system should include documented procedures for payroll approvals, proper segregation of duties, and routine oversight by qualified personnel. The School Corporation should ensure that staff responsible are knowledgeable about compliance standards, including the Activities Allowed or Unallowed and the Matching, Level of Effort, Earmarking compliance requirements.

Views of Responsible Officials

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

FINDING 2023-004

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Findings

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-003.

Condition and Context

Costs charged to grant funds must be adequately documented. To adequately document payroll expenses charged to the grant fund, contracts or other documentation supporting the employees' approved rates of pay are necessary.

The School Corporation utilized a financial software system that has two different sides, an employee portal side and an administrator side. Employee contracts are approved by the employee, the Superintendent of Schools, and the President of the School Board within the system on the employee portal side. Once approved, the data in the employee portal side is fed into a process in the administrator side.

The School Corporation could not provide contracts or approved payroll rates for 6 out of 24 employees tested. As such, we could not verify the employees were paid its correct rates for hours spent working on grant related activities. This resulted in known questioned costs of \$149,870.

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:

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for documentation of Personnel Expenses

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation did not maintain or provide adequate documentation to support payroll expenses charged to the grant fund. While employee contracts are approved within the financial software system, the process lacked sufficient oversight and record retention practices to ensure that approved pay rates were accessible and verifiable.

Effect

Without access to approved contracts or documentation verifying payroll rates for 6 of the 24 employees tested, the School Corporation could not demonstrate that payroll costs charged to the grant were accurate and allowable. This lack of documentation resulted in known questioned costs totaling \$149,870. Additionally, the absence of reliable records increases the risk of noncompliance with federal grant requirements and necessitates expanded audit procedures, which will likely lead to higher audit costs.

Questioned Costs

Questioned costs in the amount of \$149,870 were identified as described in the *Condition and Context*.

Recommendation

The School Corporation should establish and enforce formal documentation procedures to verify payroll rates for all employees whose compensation is charged to federal grants. This includes maintaining approved contracts, salary schedules, and supporting records that clearly demonstrate the accuracy and allowability of payroll costs. A review and approval process by a second knowledgeable party should be implemented to ensure compliance prior to submission. Additionally, the School Corporation should provide necessary support and resources for staff involved in payroll and grant management to strengthen recordkeeping practices. These measures will reduce the risk of noncompliance, minimize questioned costs, and help control future audit expenses.

Views of Responsible Officials

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

FINDING 2023-005

Subject: Title I Grants to Local Educational Agencies - Earmarking

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Match, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Earmarking

A portion of the School Corporation's Title I allocation is required to be reserved for parental involvement and homeless reservation, as specified in the Title I grant application. The School Corporation is responsible for monitoring these set-asides throughout the grant period to ensure compliance.

While monitoring was completed on the reimbursement requests, the requests, though reviewed by a knowledgeable employee, were supported by summary level payroll data. This level of detail was insufficient to confirm that the appropriate employees were charged to the designated Title I funds.

Additionally, the School Corporation did not spend the Homeless Student set-aside amount per the Title I application and did not carry over the funds to provide services to students experiencing homelessness in the subsequent school year, along with reserving funds from the next year's grant award.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .
- (3) Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 6313(c)(3)(A) states:

"A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve -

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and
- (iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs."

Cause

The School Corporation did not have adequate internal controls to ensure compliance with Title I set-aside requirements. Monitoring procedures relied on summary level payroll documentation, which did not provide sufficient detail to verify that employees charged to Title I were allowable and properly assigned. Additionally, the School Corporation lacked a formal process to track, monitor, and ensure timely use or carryover of the Homeless Student set-aside funds, resulting in noncompliance with the approved Title I application.

Effect

The lack of detailed payroll documentation and insufficient monitoring of Title I set-asides resulted in the School Corporation being unable to demonstrate that payroll expenditures charged to Title I were accurate, allowable, or aligned with the approved grant budget. The failure to spend or carry over the required Homeless Student set-aside funds limits services available to students' experiencing homelessness. These deficiencies increase the risk of questioned costs, required corrective actions, and potential restrictions on future grant funding, while also creating additional administrative burden during the audit due to the need for expanded testing and follow-up.

Questioned Costs

There were no questioned costs identified.

Recommendation

The School Corporation should strengthen internal controls by requiring detailed, employee-level payroll documentation to support all Title I charges and ensure reviewers verify that expenditures align with the approved grant budget. In addition, the School Corporation should implement a formal process to track all Title I set-asides, including parental involvement and homeless reservations, throughout the grant period. Procedures should also be established to ensure the timely use or proper carryover of homeless student set-aside funds in accordance with federal regulations and the approved Title I application. Additionally, the School Corporation should provide necessary support and resources to staff responsible for ensuring grant compliance and helping to prevent similar issues in future grant cycles.

Views of Responsible Officials

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-006

Subject: Title I Grants to Local Educational Agencies - Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014,
S010A220014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-004.

Condition and Context

The School Corporation was required to submit reimbursement requests and final expenditure reports that included, among other data, both current and prior period expenditures. However, the required reports for federal awards did not capture all activity for the reporting period and were not supported by the School Corporation's records.

Reimbursement Requests

The School Corporation uses reimbursement requests to claim allowable expenses paid from Title I funds. These requests must be based on and supported by transactions recorded within the School Corporation's Title I accounts.

Summary-level reports were generated from the School Corporation's financial system by the Director of Federal Grants for the reimbursement period and attached to the reimbursement request. While reimbursement requests were to be prepared by the Director of Federal Grants and reviewed by the Title I Director or Title I Budget Supervisor, no evidence of this review or oversight process was available.

Of the four reimbursement requests selected for testing, three could not be verified against either the summary-level detail attached to the request or a detailed transaction listing. Because the amounts requested for reimbursement could not be traced to underlying records or to reports that accumulated or summarized the data, the accuracy and completeness of the reimbursement requests could not be verified.

Final Expenditure Reports

Final expenditure reports were expected to be prepared by the Director of Federal Grants using year-to-date expenditure data and reviewed by either the Director of Internal Audit or the Title I Budget Supervisor. However, no evidence was available to show that this review or oversight process took place.

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

SOUTH BEND 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). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .
- (3) Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Cause

The School Corporation did not design or implement an effective internal control system to ensure the accuracy and compliance of reimbursement and final expenditure reporting processes. Specifically, the School Corporation did not have established procedures requiring the retention of detailed supporting documentation for reimbursement requests, and oversight responsibilities were not consistently carried out or evidenced over the reimbursement requests and final expenditure reports. Additionally, the employee responsible for preparing reimbursement requests during the audit period did not maintain the required documentation, and no secondary review process was in place to detect or correct these deficiencies.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Because the School Corporation did not retain detailed documentation to support reimbursement requests or provide evidence of the required review of final expenditure reports, the audit team could not verify the accuracy, allowability, or completeness of expenditures charged to the grant. These gaps in documentation increased the audit time and administrative burden, as additional testing and follow-up were necessary to address missing records. As a result, the risk of misreporting, misallocation of federal funds, and potential violations of grant requirements were significantly heightened.

Questioned Costs

There were no questioned costs identified.

Recommendation

The School Corporation should establish and implement a formal internal control system to ensure accurate financial reporting and compliance with federal grant requirements. This system should include documented review procedures, clear segregation of duties, and consistent oversight of reimbursement requests and expenditure reports. All financial submissions should be supported by verifiable documentation and reconciled with internal records prior to submission. Additionally, the School Corporation should provide necessary support and resources to staff responsible for ensuring grant compliance.

Views of Responsible Officials

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

FINDING 2023-007

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card/High School Graduation Rate

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

Assistance Listings Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A200014, S010A210014, S010A220014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card/High School Graduation Rate

Audit Findings: Material Weakness, Other Matters

Repeat Findings

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-005.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation reports graduation rate data for all public high schools within the School Corporation using the four-year adjusted cohort rate. The School Corporation has a total of five high schools plus the juvenile detention center for which graduation rate data is submitted. To remove a student from the cohort, the School Corporation must confirm the reason for removal in writing. Additionally, required documentation for each removal type must be retained by the School Corporation. The Indiana Department of Education (IDOE) has outlined the acceptable documentation required when a student exists in a cohort. Once a student's required documentation is received, the School Corporation may then remove the student from the graduation cohort using the associated mobility code.

Of the 27 students selected for testing, 10 students had documentation maintained by the School Corporation; however, it was not appropriate per the IDOE's student mobility documentation requirements. There were 9 students that had no documentation to support its mobility code.

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). . . ."

20 USC 7801(23)(B) states:

"To remove a student from a cohort, a school or local educational agency shall require documentation, or obtain documentation from the State educational agency, to confirm that the student has transferred out, emigrated to another country, or transferred to a prison or juvenile facility, or is deceased."

Cause

The School Corporation did not establish or implement an effective internal control system, including adequate segregation of duties, to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card/High School Graduation Rate compliance requirement. Specifically, the School Corporation failed to maintain appropriate documentation supporting student cohort removals in accordance with the IDOE requirements. This deficiency resulted from a lack of oversight, insufficient staff training on documentation standards, and the absence of formal review procedures to verify the accuracy and completeness of graduation rate data submitted.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Due to the lack of effective internal controls and noncompliance with the IDOE documentation requirements, the School Corporation submitted inaccurate graduation rate data for the audit period. Specifically, the improper or missing documentation for student cohort removals undermines the reliability of reported graduation rates. This misrepresentation of school performance can affect accountability determinations and jeopardize continued eligibility for federal funding tied to compliance with grant and reporting requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

The School Corporation should design and implement an internal control system to ensure compliance with the IDOE documentation requirements for graduation rate reporting. This includes establishing clear procedures for verifying and retaining acceptable student mobility documentation, assigning oversight responsibilities to ensure proper review of documentation and procedures, and providing staff with necessary support and resources over documentation standards. Periodic reviews and monitoring should be instituted to ensure compliance and improve documentation retention.

Views of Responsible Officials

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

FINDING 2023-008

Subject: COVID-19 - Education Stabilization Fund - Activities Allowed or Unallowed

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Numbers: 84.425D, 84.425U, 84.425C, 84.425W

Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013, S425C200018,
S425W210015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Activities Allowed or Unallowed

Audit Finding: Material Weakness

Condition and Context

The COVID-19 - Education Stabilization Fund (ESF) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and further funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA), and the American Rescue Plan (ARP) Act, was for the purpose of preventing, preparing for, or responding to the novel coronavirus.

An effective internal control system was not in place at the School Corporation over payroll costs charged to grant funds. Payroll distribution reports were provided to the director responsible for the ESF grant compliance; however, documentation was not presented for audit as evidence of a review.

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

SOUTH BEND 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

The School Corporation did not establish or implement an effective internal control system over payroll processes to ensure compliance with federal grant requirements. Specifically, payroll charges to the ESF were not subject to a documented secondary review by a knowledgeable individual. Payroll distribution reports were provided to a secondary individual; however, the reports were not reviewed.

Effect

Because adequate internal controls were not in place, there was an increased risk that unallowable or unsupported payroll costs could be charged to the ESF. The absence of a documented secondary review reduced the School Corporation's ability to ensure that payroll expenditures were accurate, properly supported, and compliant with federal grant requirements. The lack of internal controls may lead to noncompliance, potential repayment obligations, and increased scrutiny from oversight agencies.

Questioned Costs

There were no questioned costs identified.

Recommendation

The School Corporation should establish and implement an internal control system over payroll processes to ensure compliance with federal grant requirements. This includes developing formal procedures for documenting payroll charges to federal programs, review and approval processes by a second knowledgeable individual, and maintaining records to support all payroll expenditures. Staff involved in payroll and grant management should receive necessary support and resources regarding federal documentation standards and allowable cost principles.

Views of Responsible Officials

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

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-009

Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Costs Principles
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U, 84.425C, 84.425W
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013, S425C200018,
S425W210015

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Costs Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-006.

Condition and Context

The COVID-19 - Education Stabilization Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and further funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) and the American Rescue Plan (ARP) Act, was for the purpose of preventing, preparing for, or responding to the novel coronavirus.

Based on information obtained during the audit, the scope of testing was expanded to include additional transactions in order to assess compliance with federal grant requirements. The expanded testing was necessary to obtain sufficient evidence regarding the allowability and documentation of grant expenditures. The following issues were noted during testing:

Vendor Disbursements

The School Corporation was unable to provide supporting documentation for three vendors tested: Mamas Against Violence, LTIA, and Kingdom Life. Although Memorandums of Understanding (MOUs) were initiated by the Treasurer, no evidence was provided to demonstrate that the MOUs were reviewed or approved by the School Board at the time of execution. Information provided was based on documentation generated by the School Corporation, including purchase orders, handwritten vendor claim forms, and copies of check payments. However, no itemized vendor invoices were submitted to substantiate the services provided or the payments made, nor to detail the nature of the services rendered. In addition, the School Corporation was unable to provide supporting documentation to verify student participation or substantiate any of the reported metrics associated with the MOU agreements.

Payroll Records

Out of ten additional payroll transactions tested, three employee pay rates could not be verified. One employee's pay rate did not agree with the salary ordinance, and the School Corporation was unable to provide documentation confirming School Board approval of the rate. The second employee's compensation could not be traced to specific work performed, as neither an hourly rate nor the number of hours worked was documented. The third employee's authorized salary was \$30 per hour; however, the issued paycheck reflected \$20 per hour. These issues combined resulted in known questioned costs of \$38,400.

SOUTH BEND 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). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for documentation of Personnel Expenses

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation demonstrated weaknesses in documentation and compliance practices. Vendor contracts and payments lacked adequate supporting records, including evidence of the School Board approval for MOUs and itemized invoices. The School Board approved pay rates, hours worked, and reconciliation of authorized salaries to amounts paid, limiting the ability to verify the accuracy and appropriateness of expenditures.

Effect

Without proper documentation, the allowability of grant expenditures cannot be substantiated, creating a risk that unallowable costs may be charged to the federal grant. In addition, incomplete payroll records prevent verification of compensation, heightening the risk of inaccurate payments, unsupported variances, and potential misuse of federal funds.

Questioned Costs

Questioned costs in the amount of \$38,400 were identified as described in the *Condition and Context*.

Recommendation

To address these deficiencies, the School Corporation should strengthen documentation practices by ensuring all vendor contracts, MOUs, and invoices are properly reviewed, approved by the School Board, and retained. Payroll internal controls should be improved by reconciling authorized salary ordinances to actual pay rates, documenting hours worked, and retaining evidence of the School Board approval for all compensation. In addition, periodic monitoring and internal reviews should be implemented to verify adherence to federal grant requirements and School Corporation policies, thereby reducing the risk of noncompliance and enhancing accountability.

Views of Responsible Officials

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

FINDING 2023-010

Subject: COVID-19 - Education Stabilization Fund - Reporting
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U, 84.425C, 84.425W
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,
S425U210013, S425C200018,
S425W210015

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-007.

Condition and Context

The School Corporation was required to submit an annual data report to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period the School Corporation submitted one ESSER I report, one ESSER II report, and one ESSER III report, for a total of three reports. An effective internal control system was not in place at the School Corporation to ensure these reports were accurate. As such, the annual data reports were prepared and submitted to the IDOE without an oversight or review process to prevent or detect and correct errors.

All three reports submitted during the audit period were not supported by the School Corporation's records. The following errors were identified:

- The ESSER I, Year 3 report, which had an applicable reporting period of July 1, 2021 to June 30, 2022, reported \$1,526,046 in expenditures. However, actual expenditures for the applicable reporting period totaled \$1,601,347.
- The ESSER II, Year 2 report, which had an applicable reporting period of July 1, 2021 to June 30, 2022, reported \$10,293,210 in expenditures. However, actual expenditures for the applicable reporting period totaled \$9,750,555.
- The ESSER III, Year 2 report, which had an applicable reporting period of July 1, 2021 to June 30, 2022, reported \$15,939,167 in expenditures. However, actual expenditures for the applicable reporting period totaled \$17,220,521.

During the audit period, the School Corporation also received eight total reimbursements related to the COVID-19 - Education Stabilization Fund grant. The School Corporation received two GEER reimbursements, two ESSER I reimbursements, two ESSER II reimbursements, two ESSER III reimbursements, and 2 ARP HCY reimbursements. All reimbursement request forms were tested against the School Corporations records for accuracy. Of the eight reimbursements requested, six forms tested were not supported by the School Corporation's records.

The following errors were identified:

- GEER reimbursement requests forms were overstated by \$3,580 compared to the School Corporation's records.
- ESSER I reimbursement request forms were \$860,284 overstated compared to the School Corporation's records.
- ESSER II reimbursement request forms were overstated by \$221,808 compared to the School Corporation's records.
- ESSER III reimbursement request forms were understated by \$220,484 compared to the School Corporation's records.

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

SOUTH BEND 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). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for the Federal awards that are renewed quarterly or annual, from the date of submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.302(b) states in part:

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

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

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

Cause

The School Corporation did not establish or implement a properly designed internal control system, including appropriate segregation of duties, to ensure the accuracy and reliability of financial data submitted to the IDOE. The absence of formal review procedures, oversight mechanisms, and reconciliation processes resulted in the submission of materially misstated annual data reports and reimbursement requests. Contributing factors included inadequate staff training on federal reporting requirements, the lack of documented financial reporting policies, and insufficient allocation of resources to monitor compliance with grant guidelines.

Effect

As a result, the annual data reports submitted to the IDOE via JotForm were materially misstated and lacked proper support from the School Corporation's financial records. Additionally, six out of eight reimbursement request forms tested during the audit period were either overstated or understated, reflecting inconsistent and inaccurate financial reporting tied to federal grant activity. These systemic errors represent significant noncompliance and undermine the reliability of reporting used for state and federal oversight.

SOUTH BEND COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified

Recommendation

The School Corporation should strengthen its financial reporting processes related to federal grant activity by implementing a formal internal control system that ensures accuracy, consistency, and proper documentation. This includes reconciling financial records with data submitted through JotForm, establishing review procedures for reimbursement requests, and assigning qualified personnel to verify all reports prior to submission. Staff responsible for grant management and financial reporting should receive necessary support and resources regarding federal documentation standards and reporting requirements. The School Corporation should adopt standardized documentation policies and procedures across all departments to ensure compliance and oversight.

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.



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

FINDING 2022-001 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2023

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Errors noted on Schedule of Expenditures of Federal Awards (SEFA)

Recommendation: Management of the School Corporation had not established a system of internal control that would have ensured proper reporting of the SEFA.

Status of Audit Finding: *Not Corrected*

Response Comments:

The Director of Internal Audits and the Director of Federal Grants collaboratively manage federal grant reporting. The Director of Federal Grants maintains a master spreadsheet tracking all federal grant activity. Prior to entering Annual Financial Report (AFR) data into Gateway, the Director of Internal Audits compiles federal grant information from the RDS system and reconciles it against the master spreadsheet.

Once reconciled, the grant data is entered into Gateway. The Chief Financial Officer then reviews and approves the AFR submission. Following approval, the AFR is downloaded as a PDF and undergoes a final accuracy review by either the Director of Federal Grants or the Director of Internal Audits. An electronic audit trail is maintained to support future reference and verification.

Date of Correction: 6/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

FINDING 2022-002 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2017-2019
Current Audit Period: 2022-2023

Finding Subject: Title I Grants to Local Educational Agencies - Internal Controls

Summary of Finding: Ineffective internal controls over Eligibility; Matching, Level of Effort, Earmarking

Recommendation: We recommended that management of the School Corporation design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

Status of Audit Finding: *Partially Corrected*

Response Comments:

Eligibility was corrected

The Director of Internal Audits (“Auditor”) worked with departments across the Corporation to compile information on policies and procedures currently in place. The Auditor combined that information with Board Policies, State Board of Accounts requirements/policies, State of Indiana requirements, Federal requirements to create a comprehensive Internal Controls Manual, and best practices. The Manual was reviewed by leadership and approved by the School Board. Separation of duties for all funds is outlined in our new Internal Controls (IC) Manual. The manual details step-by-step how to handle and verify deposits/receipts, making purchases, payroll, and processing payments (to name a few). A copy of the IC Manual will be supplied to allow for further verification of compliance.

In addition to the IC Manual, the Corporation has added more oversight of Federal Grants starting in 2025. In addition to our Director of Federal Grants (Emma Dockery) we now have an Executive Director of Federal Grants (Darice Austin-Phillips) to help with oversight and ensuring proper policies and procedures are followed. Darice has also hired a contractor Mazi Education, who is an expert in grants, to audit and identify discrepancies in grant processing or budgeting and provide training to SBCSC.

Level of Effort:

For every payroll, Payroll Certification Reports are generated by the Finance Department. The reports include:

- Name of employee
- Amount of gross pay
- Fund and object code paid from

The reports are then shared with the fiscal officers of each grant. The fiscal officer reviews the payments and amounts to verify that employees paid from that fund/grant should have been paid from there and that the amounts are correct. Finally, the fiscal officer signs off that the individuals paid on that pay date, from

that fund are correct – or makes notes of any issues that are then corrected. Once signed, the Finance Department saves the reports for future audit purposes.

Earmarking:

For every payroll, Payroll Certification Reports are generated by the Finance Department. The reports include:

- Name of employee
- Amount of gross pay
- Fund and object code paid from

The reports are then shared with the fiscal officers of each grant. The fiscal officer reviews the payments and amounts to verify that employees paid from that fund/grant should have been paid from there and that the amounts are correct. Finally, the fiscal officer signs off that the individuals paid on that pay date, from that fund are correct – or makes notes of any issues that are then corrected. Once signed, the Finance Department saves the reports for future audit purposes.

Completion Date: IC Manual completed December 2024 with updates shared every 6 months.
Reorganization for more oversight completed January 2025.

Date of Correction: 12/01/2024



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

FINDING 2022-003 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2023

Finding Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Summary of Finding: *The School Corporation could not provide contracts for 10 of 15 employees tested, as the contracts were not properly archived in the financial software used to electronically approve and archive employment contracts.*

Recommendation: Documents be retained to support amounts paid.

Status of Audit Finding: *Not Corrected*

Response Comments:

Corrective Action Taken – Updates to how the software stores/archives the contract information was completed after the audit period ended. Since we are behind on audits, those changes won't immediately be reflected. Human Resources worked with Regional Data Services to identify the cause of the issue and made corrections to prevent the issue moving forward.

We are switching software that will allow for easier creation and retention of contracts as PDFs.

Expected Correction Date – partially corrected as of 06/30/2025 – software transition is planned to be completed by the end of 2026



South Bend Community School Corporation
Mansour Eid, Superintendent
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FINDING 2022-004 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2023

Finding Subject: Title I Grants to Local Educational Agencies - Reporting

Summary of Finding: Of the three reimbursement requests selected for testing, two could not be verified to the summary level detail attached to the reimbursement request nor to a detailed list of transactions. As the amount requested for reimbursement could not be traced to detailed records nor reports which accumulated or summarized the data, the accuracy and completeness of the reimbursement requests could not be verified. Detail data on the Form 9 and Reimbursement Request was not provided to knowledgeable individuals for review.

Recommendation: We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure detailed supporting documentation is used and retained when reviewing Form 9 data and for all requests for reimbursements submitted on behalf of the Title I program funds.

Status of Audit Finding: *Not Corrected*

Response Comments:

Corrective Action Taken: Starting in 2023, reimbursement requests were processed differently. The requests included the supporting documentation for the requests (transaction detail and summary reports). Requests were also documented as reviewed by the supervisor with signatures.

The Director of Federal Grants will, on a regular basis, pull the detailed expenditure report and budget summary. The detailed reports will be filtered for transactions since the last reimbursement request (allowing for easy identification of the purchased items). That information will be added to the ongoing totals for reimbursements. That total will then be checked against the total disbursements on the summary to ensure they match. If they match, that reimbursement request will be reviewed by the Chief Financial Officer and then submitted to the awarding agency.

Form 9 information is created by a member of the finance team then reviewed by Chief Financial Officer for final approval and submission.

Expected Correction Date – 06/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

FINDING 2022-005 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2015-2017
Current Audit Period: 2022-2023

Finding Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card/High School Graduation Rate

Summary of Finding: Exit documentation was missing or incorrectly matched with student mobility codes for students in the testing sample of the 2022 cohort.

Status of Audit Finding: *Not Corrected*

Response Comments:

SBCSC will conduct re-training of all High School principals and data technicians to review SBCSC withdrawal policies (outlined below), along with required documentation for each exit/mobility code. This training will be conducted in January 2024. District staff will confirm with each high school that procedures below are in place by reviewing cohort binders with the principal and data technician.

Meetings will be scheduled in the Spring of 2024.

Procedure for Withdrawing Students from all SBCSC High Schools Anytime a parent requests that a student withdraw from a high school, the following steps must be followed. If a parent is not requesting a transfer, the principal will complete an exit interview. All transfers will follow this procedure. (Please also see the procedure for processing no shows.)

1. Only the principal is allowed to sign the withdrawal form. If the principal is not available, an assistant principal may sign the withdrawal form and immediately email it to the principal.
2. Prior to signing the withdrawal form, the principal will speak with the parents and students to gather any information that may help the school understand why a withdrawal is necessary. Once this conversation has happened, the principal will advise the parents and students.
3. If it is determined that the student will transfer, the signed withdrawal form will be filed in a binder based on class cohort. For example, all students scheduled to graduate in the spring of 2022 will be filed with the 2022 cohort. The principal must determine the name and contact information for the receiving school.
4. It is the responsibility of the data technician to manage these cohorts by checking Learning Connection weekly. If discrepancies are visible in Learning Connection, a data technician will contact the SBCSC Department of Research and Evaluation and the IDOE.
5. The secretary of student management will forward any requests for records to the data technician to file with the student's withdrawal paperwork. (We must have a request for records for every student withdrawing from SBCSC.)



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

6. The data technician will follow up regarding any student with whom we did not receive a request for records for within one week of the withdrawal. The data technician will contact the receiving school and parents to locate the records request.

7. The data technician will continue to locate a request for records weekly until the request is received by SBCSC.

8. Documentation will be maintained on all efforts made to collect the information.

Anticipated Completion Date: Spring 2024



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FINDING 2022-006 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2023

Finding Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Cost Principles

Summary of Finding: The School Corporation could not provide contracts for 3 of 13 employees tested, as the contracts were not properly archived in the financial software used to electronically approve and archive employment contracts. As such, we could not verify the employees were paid their contracted rate for hours spent working on grant-related activities. This resulted in known questioned costs of \$26,207.

Recommendation: Documents be retained to support amounts paid.

Status of Audit Finding: Not Corrected

Response Comments:

We will be working with our software vendor to rectify the glitch that prevented us from providing the documentation requested by the State.

Anticipated Completion Date: January 2024



Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

FINDING 2022-007 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2021-2022
Current Audit Period: 2022-2023

Finding Subject: COVID-19 - Education Stabilization Fund - Reporting

Summary of Finding: No oversight of reports and supporting documentation did not agree to report submitted

Recommendation: Provide oversight of reports submitted and retain supporting documentation that agrees to reports submitted

Status of Audit Finding: *Not Corrected*

Response Comments:

All reports and supporting documentation, which supports each report submitted, will be reviewed/approved by the program director. All supporting documentation will be retained for future audits.

Anticipated Completion Date: December 8, 2024



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING: 2023-001

Finding Subject: Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

CASH & INVESTMENTS

As of January 2026, accounts payable and operations reconciliations are current. Work is underway to bring payroll reconciliations up to date, with completion expected in 2026. Reconciliations have been assigned to staff members and will be completed monthly going forward.

A cleanup of outstanding items was completed in spring 2025. Stale-dated checks were processed at the end of 2025 and formally submitted to the State Attorney General in January 2026, in accordance with internal control procedures. Board approval was obtained prior to submission. Stale-dated check processing will occur annually going forward.

VENDOR CLAIMS

Accounts payable is ensuring that all required approvals are completed prior to processing in and all payments. Including verifying that a board approved contract is in place, if applicable. This is in accordance with our IC Manual.

EFTs

The system will not allow for one user to create the payment and the same person to approve it. It must be approved by a second person. This was completed in the fall of 2023.

CREDIT CARDS

Prior approval for credit card purchases has not been established prior to this report. Starting March 2026, only the Superintendent and CFO will have individual credit cards. There will be 3 district cards available for use on a one-off basis. All requests to use a card will require a form be filled out, reviewed and approved before purchases can take place.

PROCUREMENT CARD EXPENSE REORTS

New reconciliation form was instituted in January 2026 that requires an explanation for the expense as well as management review.

SELF INSURANCE

We switched insurance providers effective January 2026. Under the new arrangement, we no longer receive individual claims; instead, we pay a fixed per-participant monthly amount based on the selected medical plans. The Benefits Department reviews each invoice to confirm the correct number of participants, and once verified, Finance prepares the payment.

FORM 941

The forms are now stamped and signed by the preparer and the approver.



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

W-2

The forms are now stamped and signed by the preparer and the approver.

DISTRIBUTION & EXCEPTION REPORTS

The Payroll Department now prints the final portion of the Final Payroll Register, all checks, all direct deposit information (the full report exceeds 600 pages), and the exception report. All printed reports are stamped and signed.

ADM

A new form was created to verify attempts at obtaining documents. All enrollment, withdrawal, and transfer documentation is maintained in a centralized and well-organized system. Written notifications, withdrawal/transfer forms, and communications from receiving schools are placed in the student's file and shared with the Guidance Secretary, Student Management Office, and Data Technician. Documents are uploaded or filed promptly, and the Data Technician conducts weekly reviews to ensure accuracy, completeness, and proper coding. This process keeps records current, supports compliance, and ensures timely updates to student enrollment data, including accurate mobility reporting for state accountability and cohort tracking.

TRANSFERS

Supporting documentation is now maintained. Journal entries and budget transfers must be accompanied by a "Journal Entry or Budget Transfer Request" that has an approval tree incorporated. Board approvals for interfund transfers are obtained.

Anticipated Completion Date: June 30, 2026



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-002

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

The Director of Internal Audits and the Director of Federal Grants collaboratively manage federal grant reporting. The Director of Federal Grants maintains a master spreadsheet tracking all federal grant activity. Prior to entering Annual Financial Report (AFR) data into Gateway, the Director of Internal Audits compiles federal grant information from the RDS system and reconciles it against the master spreadsheet.

Once reconciled, the grant data is entered into Gateway. The Chief Financial Officer then reviews and approves the AFR submission. Following approval, the AFR is downloaded as a PDF and undergoes a final accuracy review by either the Director of Federal Grants or the Director of Internal Audits. An electronic audit trail is maintained to support future reference and verification.

Corrected Date: 6/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-003

Finding Subject: Title I Grants to Local Educational Agencies - Internal Controls

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Activities allowed/Unallowed

Title I Payroll Distribution Reports will be reviewed and approved by the Title I Director or Executive Director of Federal Grants to confirm that payroll charges were allowable under the grant.

Level of Effort

The Director of Federal Grants is responsible for ensuring that each grant fiscal officer reviews and signs the Payroll (Distribution) Certification Report. This report lists all individuals paid from the grant fund, the amount paid per paycheck, and the complete fund number. Fiscal officers are required to review the information and provide their signature to confirm its accuracy.

The reports are then distributed to the fiscal officers for each grant. Each fiscal officer reviews the listed payments to confirm that the employees charged to the fund were appropriately paid from that grant and that the amounts are accurate. The fiscal officer signs the report to certify its accuracy or documents any discrepancies that require correction. After the report is signed, the Finance Department retains it for future audit purposes.

Completion Date: October 5, 2023



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-004

Finding Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Human Resources worked with Regional Data Services to identify the cause of the issue and made corrections to prevent the data being lost on the administrative side moving forward. This involved updates to software stores and archives.

Corrected Date 06/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-005

Finding Subject: Title I Grants to Local Educational Agencies - Earmarking

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Earmarking

All expenditures related to parental involvement are tracked using a designated expenditure code. The required homeless set-aside is monitored using department-level data. The same expenditure code is applied to both the mandatory parental involvement set-aside and any additional parental involvement funds. This allows the district to track the spend-down of the mandatory set-aside and determine how much must be carried over into the next grant year. Schools are expected to use the mandatory set-aside funds first, following a FIFO (first-in, first-out) approach, before accessing any parental involvement funds beyond the required amount.

We are actively coordinating with the homeless liaison to ensure that fund balances remain current and transparent to all stakeholders. This collaboration supports more effective planning and helps ensure that the funds are spent down appropriately and on schedule.

Correction Date 6/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-006

Finding Subject: Title I Grants to Local Educational Agencies - Reporting

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the findings

Description of Corrective Action Plan:

Beginning in fall 2023, reimbursement requests have included all required supporting documentation, such as transaction detail and summary reports. Each request is also reviewed and signed by the supervisor to document approval.

On a regular basis, the Director of Federal Grants will generate the detailed expenditure report and budget summary. The detailed report will be filtered to capture only the transactions occurring since the previous reimbursement request, making it easy to identify new expenditures. These amounts will be added to the cumulative reimbursement totals. The updated total will then be compared to the total disbursements shown on the summary report to ensure they align. Once the totals match, the reimbursement request will be reviewed by the Chief Financial Officer and subsequently submitted to the awarding agency.

Correction Date 06/30/2025



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-007

Finding Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card/High School Graduation Rate

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

All enrollment, withdrawal, and transfer documentation is maintained in a centralized and well-organized system. Written notifications, withdrawal/transfer forms, and communications from receiving schools are placed in the student's file and shared with the Guidance Secretary, Student Management Office, and Data Technician. Documents are uploaded or filed promptly, and the Data Technician conducts weekly reviews to ensure accuracy, completeness, and proper coding. This process keeps records current, supports compliance, and ensures timely updates to student enrollment data, including accurate mobility reporting for state accountability and cohort tracking.

Correction Dates April 1, 2026



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-008

Finding Subject: COVID-19 - Education Stabilization Fund - Activities Allowed or Unallowed

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the findings

Description of Corrective Action Plan:

The Director of Federal Grants is responsible for ensuring that each grant fiscal officer reviews and signs the Payroll (Distribution) Certification Report. This report lists all individuals paid from the grant fund, the amount paid per paycheck, and the complete fund number. Fiscal officers are required to review the information and provide their signature to confirm its accuracy.

The reports are then distributed to the fiscal officers for each grant. Each fiscal officer reviews the listed payments to confirm that the employees charged to the fund were appropriately paid from that grant and that the amounts are accurate. The fiscal officer signs the report to certify its accuracy or documents any discrepancies that require correction. After the report is signed, the Finance Department retains it for future audit purposes.

Correction Date October 5, 2023



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-009

Finding Subject: COVID-19 - Education Stabilization Fund - Allowable Costs/Costs Principles

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the findings

Description of Corrective Action Plan:

Payroll

Human Resources worked with Regional Data Services to identify the cause of the issue and made corrections to prevent the data being lost on the administrative side moving forward. This involved updates to software stores and archives.

The Director of Federal Grants is responsible for ensuring that each grant fiscal officer reviews and signs the Payroll (Distribution) Certification Report. This report lists all individuals paid from the grant fund, the amount paid per paycheck, and the complete fund number. Fiscal officers are required to review the information and provide their signature to confirm its accuracy.

The reports are then distributed to the fiscal officers for each grant. Each fiscal officer reviews the listed payments to confirm that the employees charged to the fund were appropriately paid from that grant and that the amounts are accurate. The fiscal officer signs the report to certify its accuracy or documents any discrepancies that require correction. After the report is signed, the Finance Department retains it for future audit purposes.

Vendor Contracts

All contracts and MOUs follow a controlled approval process to ensure proper oversight and legal compliance. Once drafted, each agreement is submitted for review, and the Legal Department evaluates any document requiring an Opinion of Counsel or involving a waiver of the Corporation's or School Board's legal rights. Legal also maintains electronic copies of all finalized agreements. Contracts may only be approved by the Superintendent or the School Board, and MOUs must first be reviewed and approved by the Superintendent before going to the Board. After all required reviews and approvals are completed, the agreement is formally executed and electronically filed by the Legal Department. All required documentation specified in the contract will be retained, along with all related vendor invoices.

Correction Date October 5, 2023 payroll and December 2024 vendor



South Bend Community School Corporation
 Mansour Eid, Superintendent
 Department of Financial Services • Office of The Administration

PURCHASING PROCESS - CONTRACTS

STEP	ACTIVITY	PRIMARY EMPLOYEE	LEVEL	REVIEWED BY	NOTE
1	Generate Contract for Approval	Buyer	School / Department	Legal	Work with vendor and legal to create draft contract.
2	Identify Approval Process (based on contract total over 12mos)	Buyer	School / Department	Superintendent	Approval by Superintendent then School Board; or by School Board only.
3	Supervisor Approval	Buyer	School / Department	Supervisor	Supervisor should review and approve before sending to Superintendent for review.
3	Send to Superintendent for Review	Buyer	School / Department	Superintendent	Superintendent should review all before going to the School Board.
4	Superintendent Review - All Contracts	Superintendent	Central	School Board	Superintendent should review all before going to the School Board.
5	Contract Approvals	Buyer	School / Department	Superintendent & School Board	
5a - \$50k or less 1	Superintendent Approve / Reject Contracts \$50k or Less	Superintendent	Central	School Board	Submit Superintendent-approved contracts to School Board to add to list of contracts at next board meeting for ratification.
5a - \$50k or less 2	Add to Board Docket	Buyer	School / Department	Superintendent's Office	
5a - \$50k or less 3	School Board Approval - \$50k or Less	School Board	Central	n/a	Ratification of contracts approved by Superintendent
5b - \$50k or more 1	Add to Board Docket	Buyer	School / Department	Superintendent's Office	Work with department lead to get items submitted. Reach out to Superintendent's Office if unsure of process.
5b - \$50k or more 2	Upload Contract & Supporting Docs to Board Docs	Buyer	School / Department	Superintendent's Office	Work with department lead to get items submitted. Reach out to Superintendent's Office if unsure of process.
5b - \$50k or more 3	Attend Board Meeting for Questions & Answers	Buyer	School / Department	School Board	
5b - \$50k or more 4	Board Discussion & Approval or Rejection	School Board	Central	n/a	
5b - \$50k or more 5	If Approved, Board Signature	School Board	Central	n/a	
6	Signature of Contractor	Buyer	School / Department	n/a	
7	Upload Signed Contract to Board Docs	Buyer	School / Department	n/a	
8	Share Original Contract with Legal	Buyer	School / Department	n/a	
9	Share Copy of Contract with Finance	Buyer	School / Department	n/a	
10	Retain Copy in Buyer's School/Department	Buyer	School / Department	n/a	



South Bend Community School Corporation
Mansour Eid, Superintendent
Department of Financial Services • Office of The Administration

CORRECTIVE ACTION PLAN

FINDING 2023-010

Finding Subject: COVID-19 - Education Stabilization Fund - Reporting

Contact Person Responsible for Corrective Action: Ahnaf Tahmid & Marlaina Johns

Contact Phone Number and Email Address: 574-393-6000, atahmid@sbcsc.k12.in.us, mjohns2@sbcsc.k12.in.us

Views of Responsible Officials: We concur with the findings

Description of Corrective Action Plan:

Required IDOE templates (JotForm) are completed using AS400 budget detail reports and Position Control data, with revisions submitted during the September window to correct classifications and remove ineligible set-aside amounts. Adjustments were made to align ESSER I reporting and to avoid timing discrepancies by using budget detail rather than summary reports. The completed report will be reviewed for accuracy and approved prior to submission.

Beginning in fall 2023, the reimbursement process was updated to include all required supporting documentation, such as transaction detail and summary reports. Each request is also reviewed and signed by the supervisor to document approval. On a recurring basis, the Director of Federal Grants generates the detailed expenditure report and budget summary. The detailed report is filtered to capture only the transactions occurring since the previous reimbursement request, making new expenditures easy to identify. These amounts are added to the cumulative reimbursement totals, which are then compared to the total disbursements shown on the summary report to ensure they align. Once the totals match, the reimbursement request is reviewed by the Chief Financial Officer and submitted to the awarding agency.

Completion Date 6/30/25

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/>.