

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY

ALLEN COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mark D. Snyder	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Park D. Ginder	07-01-21 to 06-30-24
President of the School Board	Bradley Mills Jennifer Bennett	07-01-21 to 12-31-22 01-01-23 to 06-30-24



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 METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY, ALLEN 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 Metropolitan School District of Southwest Allen County (School Corporation), for the period of July 1, 2021 to 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 March 20, 2024, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Metropolitan School District of Southwest Allen County's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

March 20, 2024



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 METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Metropolitan School District of Southwest Allen County's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2021 to 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.

Qualified Opinion on COVID-19 - Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Education Stabilization Fund for the period of July 1, 2021 to June 30, 2023.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2021 to June 30, 2023.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2021 to June 30, 2023.

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

Basis for Qualified Opinions

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

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

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

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding 84.425 COVID-19 - Education Stabilization Fund, as described in item 2023-002 for Reporting. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2023-006 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on Special Education Cluster (IDEA)

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Special Education Cluster (IDEA), as described in item 2023-007 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003 and 2023-004. 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 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, and 2023-007, 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 period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated March 20, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 20, 2024

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 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 Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 22	\$ -	\$ 440,921	\$ -	\$ -
School Breakfast			FY 23	-	-	-	251,219
Total - School Breakfast Program				-	440,921	-	251,219
National School Lunch Program							
National School Lunch Program - Commodities	Indiana Department of Education	10.555					
School Lunch			FY 22 / FY 23	-	336,659	-	199,802
School Nutrition Emergency Funds			FY 22 / FY 23	-	3,362,444	-	1,911,210
Supply Chain Funds			FY 22	-	50,744	-	-
			FY 23	-	-	-	358,653
Total - National School Lunch Program				-	3,749,847	-	2,469,665
Total - Child Nutrition Cluster				-	4,190,768	-	2,720,884
Pandemic EBT Administrative Costs							
PEBT Local Admin Costs Award	Indiana Department of Education	10.649					
			FY 22 / FY 23	-	3,063	-	3,135
Total - Department of Agriculture				-	4,193,831	-	2,724,019
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grant Part B			H027A190084	-	21,252	-	-
Special Education Grant Part B			H027A200084	-	346,666	-	6,548
Special Education Grant Part B			H027A210084	-	1,093,857	-	480,722
Special Education IDEA Grant Part B			H027A220084	-	-	-	998,603
Discretionary Grant	Indiana State University		H173A210104	-	41,590	-	-
Discretionary Grant	Indiana State University		H173A220104	-	85,444	-	42,644
Subtotal - Special Education Grants to States				-	1,588,809	-	1,528,517
COVID-19 - Special Education Grants to States							
ARP Supplemental Funding IDEA Part B	Indiana Department of Education	84.027X					
			H027X210084	-	68,082	-	253,867
Total - Special Education Grants to States				-	1,656,891	-	1,782,384

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 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 Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grant			H173A190104	-	1,011	-	-
Special Education Preschool Grant			H173A200104	-	1,196	-	444
Special Education Preschool Grant			H173A210104	-	34,164	-	26
Special Education Preschool Grant			H173A220104	-	-	-	36,869
Subtotal - Special Education Preschool Grants				-	36,371	-	37,339
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X					
Special Education Grant			H173X210104	-	-	-	28,174
Total - Special Education Preschool Grants				-	36,371	-	65,513
Total - Special Education Cluster (IDEA)				-	1,693,262	-	1,847,897
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A190014	-	318	-	-
Title I 21-22			S010A200014	-	99,702	-	-
Title I 21-22			S010A210014	-	177,939	-	152,794
Total - Title I Grants to Local Educational Agencies				-	277,959	-	152,794
Career and Technical Education -- Basic Grants to States	Fort Wayne Community Schools	84.048					
Area Career and Technical Education District Local Plan			22-0512-B014	-	43,123	-	-
Area Career and Technical Education District Local Plan			23-0512-P014	-	-	-	36,125
Total - Career and Technical Education -- Basic Grants to States				-	43,123	-	36,125
Education for Homeless Children and Youth	Fort Wayne Community Schools	84.196					
McKinney-Vento Education for Homeless Children and Youth			S196A210015	-	5,441	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 19-21			S365A190014	-	689	-	-
Title III 20-22			S365A200014	-	10,132	-	-
Title III 21-23			S365A210014	-	-	-	8,992
Total - English Language Acquisition State Grants				-	10,821	-	8,992

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2022 and 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 Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II 19-20			S367A190013	-	2,409	-	-
Title II 20-22			S367A200013	-	49,165	-	-
Title II 21-23			S367A210013	-	-	-	88,593
Total - Supporting Effective Instruction State Grants				-	51,574	-	88,593
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 20-21			S424A200015	-	31,910	-	728
Title IV 21-23			S424A210015	-	20,256	-	-
Title IV 19-20			S424A190015	-	10,369	-	-
Total - Student Support and Academic Enrichment Program				-	62,535	-	728
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Cares Act		84.425D	S425D200013	-	9,802	-	-
ESSER II		84.425D	S425D210013	-	1,455,967	-	-
Governor's Emergency Education Relief Fund (GEER) / EACS		84.425C	S425C200018	-	33,992	-	1,469
Total - COVID-19 - Education Stabilization Fund				-	1,499,761	-	1,469
Total - Department of Education				-	3,644,476	-	2,136,598
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicaid			FY 22 / FY 23	-	77,307	-	115,781
Total - Medicaid Cluster				-	77,307	-	115,781
Total - Department of Health and Human Services				-	77,307	-	115,781
Total federal awards expended				\$ -	\$ 7,915,614	\$ -	\$ 4,976,398

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

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2022 and 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.

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

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

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

Note 3. GEER I Expenditures

The School Corporation was a participant in a joint application with other Local Educational Agencies to receive GEER I funding from the COVID-19 - Education Stabilization Fund through the Indiana Department of Education. East Allen County Schools served as the fiscal agent for the award and expended award funds for equipment, supplies, and services on behalf of all participants. The School Corporation received equipment, supplies, and services as a result of the awarded grant in the amounts of \$33,992 and \$1,469 for fiscal years 2021-2022 and 2022-2023, respectively. As a result, the activity for the GEER award that is presented as federal awards expended on the SEFA is not presented as receipts and disbursements on the financial statement for the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

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

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding number was 2021-001.

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The School Corporation did not effectively review the federal grant information prepared and submitted in the Gateway. Although the Deputy Treasurer prepared and entered the federal award information into the Gateway, and the Director of Business/Treasurer reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

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

- The Child Nutrition Cluster expenditures were overstated by \$420,138 for fiscal year 2021-2022.
- Five grants had individually immaterial errors that resulted in misstatements of expenditures of \$265,313, in total, for 2021-2022.
- Eight grants had individually immaterial errors that resulted in misstatements of expenditures of \$331,195, in total, for 2022-2023.
- Various Assistance Listings Numbers (ALN) and program names were incorrect.

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 . . ."

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2 CFR 200.1 states in part:

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

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

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- (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:

"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

Management of the School Corporation had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

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

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Condition and Context

The School Corporation was required to submit annual data reports 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 two ESSER I reports and two ESSER II reports, for a total of four reports. The annual data reports were compiled, prepared, and submitted by the Deputy Treasurer and the Director of Business/Treasurer without an oversight or review process in place to prevent, or detect and correct, errors.

In addition, the four annual data reports were not supported by the School Corporation's records. The documentation used to prepare the reports was not retained by the School Corporation and the ledger activity for the time period of each report did not agree to the data submitted. As such, we could not verify the information submitted to the IDOE was accurate or complete.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

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Cause

A proper system of internal controls, which include segregation of key functions, was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, reports were not supported by the School Corporation's records.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure that documentation utilized in the preparation of the reports is maintained.

Views of Responsible Officials

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

FINDING 2023-003

Subject: COVID-19 - Education Stabilization Fund - Special Tests and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listings Number: 84.425C

Federal Award Number and Year (or Other Identifying Number): S425C200018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Findings: Material Weakness, Other Matters

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(Continued)

Condition and Context

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included the Education Stabilization Fund (ESF). One of the ESF programs included in the CARES Act was the Governor's Emergency Education Relief (GEER I) Fund. For programs under the GEER I, a local educational agency (LEA) that receives funds must provide equitable services in the same manner as provided under section 1117 of Title I, Part A of the Education and Secondary Education Act (ESEA) to students and teachers in private schools as determined in consultation with private school officials. Under the GEER I, the LEA in which a private school is located is responsible for providing equitable services to students and teachers in the school.

The School Corporation chose to apply for a GEER I grant in partnership with other school corporations. One of the other school corporations was designated as the lead applicant. Each school corporation that was a part of the application was required to consult with the private schools within its boundaries. However, the School Corporation did not consult with the four private schools within its boundaries, due to a misunderstanding of which school corporation, the lead applicant or each individual applicant, would complete this requirement. As a result, the nonpublic schools within the School Corporation's boundaries did not have the opportunity to participate in the GEER I award.

The lack of internal controls and noncompliance were isolated to the GEER I program award.

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). . . ."

The CARES Act P. CARES Act, Pub. L. No. 116-136 134 Stat. 281 (Mar. 27, 2020) Section 18005(a) states:

- "(a) IN GENERAL.—A local educational agency receiving funds under sections 18002 or 18003 of this title shall provide equitable services in the same manner as provided under section 1117 of the ESEA of 1965 to students and teachers in non-public schools, as determined in consultation with representatives of non-public schools. . . ."

20 USC 6320(a)(1) states:

- "To the extent consistent with the number of eligible children identified under section 6315(c) of this title in the school district served by a local educational agency who are enrolled in private elementary schools and secondary schools, a local educational agency shall—

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(Continued)

(A) after timely and meaningful consultation with appropriate private school officials, provide such children, on an equitable basis and individually or in combination, as requested by the officials to best meet the needs of such children, special educational services, instructional services (including evaluations to determine the progress being made in meeting such students' academic needs), counseling, mentoring, one-on-one tutoring, or other benefits under this part (such as dual or concurrent enrollment, educational radio and television, computer equipment and materials, other technology, and mobile educational services and equipment) that address their needs; and

(B) ensure that teachers and families of the children participate, on an equitable basis, in services and activities developed pursuant to section 6318 of this title."

20 USC 6320(c)(1) states:

"A local educational agency shall have the final authority, consistent with this section, to calculate the number of children, ages 5 through 17, who are from low-income families and attend private schools by-

- (A) using the same measure of low income used to count public school children;
- (B) using the results of a survey that, to the extent possible, protects the identity of families of private school students, and allowing such survey results to be extrapolated if complete actual data are unavailable;
- (C) applying the low-income percentage of each participating public school attendance area, determined pursuant to this section, to the number of private school children who reside in that school attendance area; or
- (D) using an equated measure of low income correlated with the measure of low income used to count public school children."

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance. As a result, the nonpublic schools were not consulted with to determine what, if any, equitable services needed to be provided.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

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(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure nonpublic schools are consulted with and equitable services are offered to participating nonpublic schools.

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: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 22, FY 23
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding for Allowable Costs/Cost Principles from the prior audit report. The prior audit finding number was 2021-002.

Condition and Context

Reimbursement for meals served is not based on costs; it is determined solely by applying the applicable meals times rates formula. A School Corporation can use its entire reimbursement payment for any combination of allowable operating and administrative costs. Therefore, expenditures charged to the food service program fund (fund 800) are to be for the benefit of the food service program and in conformance with applicable cost principles.

Forty vendor claims were selected for testing to ensure the identified internal control of one employee prepares the claim and a second knowledgeable individual reviews the claim prior to payment was in place and operating effectively. For two of the forty vendor claims tested, one employee prepared and approved the claim without a review or oversight process by a second knowledgeable employee. In addition, one of the two claims was approved without supporting documentation.

An additional forty claims were selected to ensure the expenditures were for the benefit of the food service program. For the forty claims tested, the following issues were noted:

- Seven claims, as detailed below, were for unallowable activities and unallowable costs.
- One claim was for the purchase of gift cards for staff gifts totaling \$905.

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(Continued)

- Two claims were refunds of prepaid lunch account balances totaling \$1,790.
- Two claims were reimbursements to an employee for staff breakfasts totaling \$110.
- One claim was for the purchase of medication totaling \$8.
- One claim was for the purchase of uniforms totaling \$50, which included no supporting documentation for the purchase.
- Eight claims included the payment of sales tax totaling \$85.

Due to the noncompliance identified above, an additional twenty-one claims paid to one employee were judgmentally selected for testing. For the additional twenty-one claims tested, the following errors were noted:

- One claim was for the purchase of a back brace shipped to an employee's house totaling \$31.
- Twelve claims included the payment of sales tax totaling \$195.

In addition, all refunds not already selected for testing were reviewed. A total of sixty-seven additional refunds of prepaid lunch account balances were identified and determined to be incorrectly made from Fund 800. The total amount of the additional refunds was \$6,476.

The total amount of unallowed activities and unallowable costs charged to the School Lunch fund was \$9,650. This amount was considered questioned costs.

The lack of effective 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). . . ."

7 CFR 220.7(e)(1) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

- (ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . ."

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7 CFR 210.14(a) states in part: ". . . Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

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. . . ."

Cause

A proper system of internal controls, which would include segregation of key functions, was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance. As a result, costs that were not necessary and reasonable for the performance of the federal award were paid for with federal funds.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

Known questioned costs of \$9,650 were identified as detailed in the *Condition and Context*.

Recommendation

We recommended the School Corporation's management establish a proper system of internal controls and develop policies and procedures to ensure costs are for the benefit of the food service program and are adequately documented.

Views of Responsible Officials

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

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(Continued)

FINDING 2023-005

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Condition and Context

Any child enrolled in a participating school, who meets the applicable program's definition of "child," may receive meals under applicable programs. A child belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at a reduced price. Children that have been determined ineligible for free or reduced-price meals pay the full price for their meals. A child's eligibility for free and reduced-priced meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnished such information as family income and family size. The School Corporation determines eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Annual eligibility determinations may also be based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program, or, under most circumstances, the TANF program. A household may furnish documentation of its participation in one of those programs, or the School Corporation may obtain the information directly from the State or local agency that administers those programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct certified households do not need to complete an application.

One employee uploaded the Direct Certification reports from the state into the software system without a documented oversight or review process in place to ensure direct certified students were properly processed.

The lack of internal controls was isolated to fiscal year 2022-2023.

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). . . ."

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Cause

A proper system of internal controls, which would include segregation of key functions, was not implemented by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

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.

Views of Responsible Officials

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

FINDING 2023-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
Assistance Listings Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 22, FY 23
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the prior audit report. The prior audit finding numbers were 2021-003 and 2021-005.

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Condition and Context

Procurement

A School Nutrition Cooperative (Co-ops, Education Service Center, Group Purchasing Organization, etc.) that would like to be classified as a School Food Authority (SFA) Cooperative must complete a questionnaire and submit it to the Indiana Department of Education (IDOE). Once a questionnaire is received, the IDOE will review the answers to determine a Cooperative's classification. Only Cooperatives that submit the questionnaire and receive a SFA-only Cooperative classification from the IDOE in writing will be considered a SFA only Cooperative for the purposes of the procurement process and procurement reviews.

When the value of goods or services exceeds the simplified acquisition threshold, the proper purchasing method would be the bidding process, unless the purchase meets certain other qualifications. Federal regulations allow for informal procurement methods when the value of the procurement for goods or services does not exceed the simplified acquisition threshold, which is customarily set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds; micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold, but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources. If it is determined a single source provider can be used for a small purchase, documentation must be retained supporting the determination.

During fiscal year 2021-2022, the School Corporation purchased bread and commodities, through Region 8 Education Service Center (Region 8). During 2022-2023, the School Corporation purchased milk and commodities through Region 8. However, Region 8 had not received the SFA-only Cooperative classification from the IDOE for 2021-2022 and 2022-2023. As such, Region 8 is considered one bid for simplified acquisition or one quote for small purchases procedures. The School Corporation did not seek additional bids as required for the purchases of bread, milk, or commodities. As such these items were not properly procured. The total dollar amount spent with vendors through Region 8 was \$3,056,485.

In addition, during 2022-2023, the School Corporation had numerous transactions with five vendors, totaling \$296,089, that were considered small purchases. Two of the five vendors were selected for testing. For the two vendors selected for testing, the School Corporation did not obtain a contract per Indiana Code which specifies that for procurements between \$50,000 and \$150,000 three quotes be obtained, and a contract be awarded. The total dollar amount spent with each vendor exceeded \$50,000 individually, for a total of \$162,751.

Suspension and Debarment

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAMs exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

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The School Corporation did not verify that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs. All four of the contracts obtained through Region 8 did not comply. No issues were identified with the other three covered transactions, not associated with Region 8.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

(1) *Micro-purchases* – . . .

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(ii) *Micro-purchase awards.* Micro-purchases may be awarded without soliciting competitive price or rate quotation if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. . . .

(2) *Small purchases* —

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

(b) *Formal procurement methods.* When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) *Sealed bids.* A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

- (A) A complete, adequate, and realistic specification or purchase description is available;
- (B) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

- (A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
- (B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

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(Continued)

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(2) *Proposals.* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and

(iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort. . . ."

2 CFR 180.300 states:

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

(a) Checking the SAM Exclusions; or

(b) Collecting a certification from that person; or

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

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, procurement procedures for goods and services were not adhered to and all vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure there are appropriate procurement procedures for goods and services and contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

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: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, COVID-19 - Special Education
Grants to States, COVID-19 - Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.027X, 84.173X

Federal Award Numbers and Years (or Other Identifying Numbers): H027A200084, H027A190084,
H027X210084, H173X210104

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

The School Corporation was unable to provide a procurement policy which outlined procurement standards for all federal programs. The procurement policy provided for audit only addressed the Food Service requirements.

The total amount of special education dollars spent on goods and services was \$234,087. Of that amount \$69,440, or 30 percent, were purchases between \$10,000 and \$150,000, which would require small purchases procedures. Five vendors were identified as being associated with the purchases requiring small purchases procedures. All five vendors were selected for testing. For the five vendors, the School Corporation could not provide the procurement history, which would include an adequate number of quotes, the rationale for the method of procurement used, selection of vendor, and basis for price.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 states in part:

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

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

(2) *Small purchases* —

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

Cause

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, procurement procedures for goods and services were not adhered to for procurements that fell within the small purchase threshold.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

Questioned Costs

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure there are appropriate procurement procedures for goods for small purchases.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

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

Summary of Finding:

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation failed to properly review the federal grant information prepared and submitted into Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Status of Audit Finding: Not Corrected.

Response Comments: The Planned corrective action was implemented but did not correct the deficiency and the stated issue remains.

Respectfully Submitted,

Mark D. Snyder

Mark Snyder

Director of Business

Preparing today's learners for tomorrow's opportunities.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Allowable Costs/Cost Principles, Program Income

Summary of Finding:

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented in August 2022.

Respectfully Submitted,

Mark D. Snyder

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-003

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Suspension and Debarment

Summary of Finding:

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

The School Corporation was a member of the Region 8 Educational Service Center (Service Center). The Service Center completed the Procurement and Suspension and Debarment compliance requirement on behalf of the School Corporation. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The bids for bread and milk were originally awarded for fiscal year 2018-2019 and were renewed for 2020-2021. The Service Center could not provide documentation that procedures were performed to verify the vendors were not suspended or debarred from participation in federal programs prior to entering into covered transactions with these vendors.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented in May/June 2022.

Respectfully Submitted,

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-004

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Application (NSLP)

Summary of Finding:

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The School Food Authority (SFA) Verification Collection Report for fiscal year 2019-2020 indicated that seven applications were verified. However, documents submitted by the household for the purpose of confirming eligibility, were not available for audit. We were unable to determine if ineligible students received program benefits.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented in July/August 2022.

Respectfully Submitted,

Mark D. Snyder

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-005

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Procurement and Suspension and Debarment

Summary of Finding:

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

Policy

The School Corporation did not have a procurement policy in place to comply with the procurement standards identified in §§ 200.317 through 200.327.

Conflict of Interest

The School Corporation did not have written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts.

Procurement Methods

The School Corporation did not maintain a record to detail the history of procurements. For micro-purchases less than \$10,000, the School Corporation did not document how the price was determined to be reasonable. Additionally, for small purchases of \$10,000 to \$150,000, the School Corporation did not obtain price or rate quotations from an adequate number of qualified sources.

Suspension and Debarment

The School Corporation did not have procedures in place to verify that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs.

Status of Audit Finding: Partially Corrected in July/August 2022.

Response Comments: The Policy and Conflict of Interest is in place and adequate, but the procurement methods and procedures for suspension and debarment were not.

Respectfully Submitted,

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-006

Fiscal year in which the finding initially occurred: FY 2021

Current Audit Period: 7/1/21 to 6/30/23

Finding Subject: Child Nutrition Cluster – Program Income - Recording

Summary of Finding:

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

Status of Audit Finding: Fully Corrected and the original corrective action was implemented in July 2022.

Respectfully Submitted,

Mark D. Snyder

Mark Snyder
Director of Business

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SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-001

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

Summary of Finding: Internal Controls were not effective and did not prevent, nor allow for detection and correction of errors prior to submission.

Contact Person Responsible for Corrective Action: Director of Business

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Deputy Treasurer will receive additional training on SEFA to ensure accuracy. Once the Deputy Treasurer completes the report, they will give the report and all supporting documentation to the Asst. Director of Business for review. After thorough review, the report and supporting documentation will be signed by both the Asst. Director of Business and the Deputy Treasurer. Once reviewed, the report and supporting documentation will be given to the Director of Business for final approval and signature. Once completed, the Director of Business will approve and submit in Gateway.

Anticipated Completion Date: 3/18/24

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

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SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-002

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

Summary of Finding: Internal Controls were not effective and did not prevent, nor allow for detection and correction of errors prior to submission.

Contact Person Responsible for Corrective Action: Director of Business

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Once the Deputy Treasurer completes the report, they will give the report and all supporting documentation to the Asst. Director of Business for review. After thorough review, the report and supporting documentation will be signed by both the Asst. Director of Business and the Deputy Treasurer. Once reviewed, the report and supporting documentation will be given to the Director of Business for final approval and signature.

Anticipated Completion Date: 3/18/24

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

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SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-003

Finding Subject: COVID-19 - Education Stabilization Fund – Special Tests and Provisions – Participation of Private School Children

Summary of Finding: Internal Controls were not effective. As a result, the school corporation did not consult with the non-public schools within its boundaries.

Contact Person Responsible for Corrective Action: Director of Business

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

If we enter into a grant where another district serves as the LEA, we will ensure all non-public schools within our district boundaries are notified and given the opportunity for participation. The Director of Business will document that the public schools were contacted and document the meeting/conversation. The Deputy Treasurer or Asst. Director of Business will review the documented meeting and sign stating it occurred.

Anticipated Completion Date: 3/18/24

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

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SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-004

Finding Subject: Child Nutrition Cluster – Allowable Activities, Allowable Cost/Cost Principles

Summary of Finding: Internal Controls were not effective and did not prevent unallowable activities/cost

Contact Person Responsible for Corrective Action: Director of Food Service

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All claims shall be created by the Assistant Food Service Director and reviewed for compliance within the allowable cost category prior to payment by the Director of Food Service. In the event that the Director of Food Service must initiate a claim first, the Assistant Food Service Director would then review the claim prior to issuance. All claims are returned to the Assistant Food Service Director for review of accuracy after the payment method has been authorized to ensure accuracy and compliance. Both parties will initial documents appropriately, as well as maintain all copies of proof of purchase/service with original claim form documents.

Anticipated Completion Date: 3/18/24

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

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SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-005

Finding Subject: Child Nutrition Cluster – Eligibility – Internal Controls

Summary of Finding: Internal Controls were not in place over direct certification of students.

Contact Person Responsible for Corrective Action: Director of Food Service

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All direct certification information shall be initiated by the Director of Food Service: Pulling the information monthly from CNP Web. The list of students to be directly certified will be printed, signed and dated by the Director of Food Service. Once information is imported into the student management system, the Assistant Food Service Director would then cross reference the printed list of information to benefits assigned in the student management system to ensure accuracy. The Assistant Food Service Director will initial next to the students they spot check on the list. The printed document with signatures of both parties will be retained with the school years applications.

Anticipated Completion Date: 3/18/24

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

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SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-006

Finding Subject: Child Nutrition Cluster – Procurement and Suspension and Debarment

Summary of Finding: Internal Controls were not effective and did not ensure procurement is done properly and allowed the district to enter an agreement with a vendor that did not have proper documentation that they were not excluded.

Contact Person Responsible for Corrective Action: Director of Food Service

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Procurement – Region 8

The Director of Food Service has the responsibility to ensure participation with IDOE approved SFA Cooperatives only. We now utilize Food2School and have the necessary documentation. If we consider other Cooperatives, the Director will ensure they are approved. All documents are to be signed, dated, and retained by school year by both the Director of Food Services and the Asst. Director of Food Services.

Procurement - SACS

The Director of Food Services and the Asst. Director of Food Services will ensure procurement procedures are followed for all purchases and if the total is between \$50,000 and \$150,000 a contract will be awarded. All documents are to be signed, dated, and retained by school year by both the Director of Food Services and the Asst. Director of Food Services.

Suspension and Debarment

The Director of Food Service has the responsibility to ensure that all vendors are free from suspension, debarment, or aren't otherwise excluded. Suspension and debarment documents are to be collected on a yearly basis. If such documents are not available through the SFA Cooperative, it will be the responsibility of the Director of Food Service to acquire them through SAM.gov website or contacting the vendor directly. All documents are to be signed, dated, and retained by school year by both the Director of Food Services and the Asst. Director of Food Services.

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Anticipated Completion Date: 3/18/24

Mark D. Snyder
(Signature)

Director of Business
(Title)

3/20/2024
(Date)

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SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2023-007

Finding Subject: Special Education Cluster - Procurement

Summary of Finding: The district does not have a procurement policy outlining procurement standard for all federal programs. Internal Controls were deficient in preventing noncompliance and not maintaining methods of procurement.

Contact Person Responsible for Corrective Action: Director of Business

Contact Phone Number and Email Address: (260)431-2030, msnyder@sacs.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The school board will adopt a procurement policy for all federal programs to comply with procurement standards and the policy will be implemented. Additionally, The Director of Special Education and the Special Education Treasurer will ensure procurement procedures are followed for all purchases and if the total is between \$50,000 and \$150,000 a contract will be awarded. All documents are to be signed, dated, and retained by school year by both the Director of Special Education and the Special Education Treasurer.

Anticipated Completion Date: On or before June 30, 2024

Mark D. Snyder

(Signature)

Director of Business

(Title)

3/20/2024

(Date)

Preparing today's learners for tomorrow's opportunities.

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OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.