

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP

MARION COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecka Smith	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Nikki C. Woodson	07-01-21 to 06-30-24
President of the School Board	William Turner Donald B. Kite, Sr. Tracy Horth Krueger Deirdre George Davis	07-01-21 to 07-20-21 07-21-21 to 07-19-22 07-20-22 to 07-18-23 07-19-23 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 WASHINGTON TOWNSHIP, MARION 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 Washington Township (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 14, 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 an instance of noncompliance or other matters that is 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 Washington Township'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 14, 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 WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Metropolitan School District of Washington Township'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 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.

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.

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.

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)

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.

Matters 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 items 2023-002 for Reporting and 2023-003 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

Matters 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 items 2023-004 for Equipment and Real Property Management and 2023-005 for Special Tests and Provisions - Wage Rate Requirements. Compliance with such requirements 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.

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.

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)

- 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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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, and 2023-005, to be material weaknesses.

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

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.

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 14, 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 14, 2024

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 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 Program			FY 2022	\$ -	\$ 1,390,197	\$ -	\$ -
School Breakfast Program			FY 2023	-	-	-	1,071,756
Total - School Breakfast Program				-	1,390,197	-	1,071,756
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2022	-	4,331,918	-	-
National School Lunch Program			FY 2023	-	-	-	3,716,375
Commodities			FY 22, FY 23	-	603,322	-	411,130
Supply Chain Assistance Funds			FY 2023	-	-	-	483,774
Total - National School Lunch Program				-	4,935,240	-	4,611,279
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2022	-	149,604	-	-
Summer Food Service Program for Children			FY 2023	-	-	-	113,586
Total - Summer Food Service Program for Children				-	149,604	-	113,586
Total - Child Nutrition Cluster				-	6,475,041	-	5,796,621
Pandemic EBT Administrative Costs							
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
P-EBT Administrative Costs			FY 2022	-	313,915	-	-
P-EBT Administrative Costs			FY 2023	-	-	-	3,135
Total - Pandemic EBT Administrative Costs				-	313,915	-	3,135
Total - Department of Agriculture				-	6,788,956	-	5,799,756
<u>Department of the Treasury</u>							
COVID-19 - Coronavirus Relief Fund							
Adult Education Rapid Reskilling Grant	Employ Indv	21.019					
Adult Education Rapid Reskilling Grant			S2305-RR-19-ABE	-	218,164	-	-
Adult Education Rapid Reskilling Grant			S2305-RR-19-ABE	-	-	-	137,275
Total - COVID-19 - Coronavirus Relief Fund				-	218,164	-	137,275
Total - Department of the Treasury				-	218,164	-	137,275

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 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
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Grants to States			19611-058-PN01	-	539	-	-
Special Education Grants to States			21611-058-PN01	-	2,531,046	-	326,307
Special Education Grants to States			22611-058-PN01	-	-	-	2,225,089
Special Education Grants to States			23611-056-PN01	-	-	-	622,900
Subtotal - Special Education Grants to States				-	2,531,585	-	3,174,296
COVID-19 - Special Education Grants to States ARP IDEA 611 Fund	Indiana Department of Education	84.027X					
			22611-056-ARP	-	76,213	-	483,168
Total - Special Education Grants to States				-	2,607,798	-	3,657,464
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grants			19619-058-PN01	-	11,742	-	-
Special Education Preschool Grants			20619-056-PN01	-	19,873	-	-
Special Education Preschool Grants			21619-056-PN01	-	12,963	-	50,292
Special Education Preschool Grants			22619-056-PN01	-	-	-	61,369
Subtotal - Special Education Preschool Grants				-	44,578	-	111,661
COVID-19 - Special Education Preschool Grants ARP IDEA 619 Fund	Indiana Department of Education	84.173X					
			22619-056-ARP	-	-	-	20,272
Total - Special Education Preschool Grants				-	44,578	-	131,933
Total - Special Education Cluster (IDEA)				-	2,652,376	-	3,789,397
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education Basic			V002A180014	-	279,242	-	67,753
Adult Education Basic			V002A190014	-	287,556	-	-
Adult Education Basic			V002A200014	-	13,497	-	-
Adult Education Basic			V002A210014	-	213,264	-	9,051
Adult Education Basic			V002A220014	-	-	-	365,310
Total - Adult Education - Basic Grants to States				-	793,559	-	442,114

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grants			S010A200014	-	1,615,309	-	-
Title I Grants			S010A210014	-	1,274,736	-	1,487,574
Title I Grants			S010A220014	-	-	-	1,642,493
Total - Title I Grants to Local Educational Agencies				-	2,890,045	-	3,130,067
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
Perkins Basic Grant			21-0512-5370	-	409,768	-	-
Perkins Basic Grant			22-0512-B024	-	480,126	-	308,085
Perkins Basic Grant			23-0512-P024	-	-	-	594,398
Perkins Leadership Grant			21-0512-A024	-	9,774	-	-
Perkins Leadership Grant			22-0512-A024	-	-	-	11,000
Perkins CTE COVID-19 Assistance Grant			21-0512-C024	-	15,135	-	-
Total - Career and Technical Education - Basic Grants to States				-	914,803	-	913,483
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Acquisition - Title III			S365A190014	-	55,407	-	1,375
English Language Acquisition - Title III			S365A200014	-	79,307	-	115,805
English Language Acquisition - Title III			S365A210014	-	-	-	44,274
Total - English Language Acquisition State Grants				-	134,714	-	161,454
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Teacher Leader Bootcamp #4			A58-3-23CI-8761	-	-	-	7,613
Improving Teacher Quality Title II A			S367A180013	-	35,325	-	-
Improving Teacher Quality Title II A			S367A190013	-	262,391	-	1,984
Improving Teacher Quality Title II A			S367A200013	-	343,355	-	108,546
Improving Teacher Quality Title II A			S367A210013	-	-	-	349,939
Total - Supporting Effective Instruction State Grants				-	641,071	-	468,082
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A Grants			S424A190015	-	236,877	-	42,543
Title IV Part A Grants			S424A200015	-	88,728	-	105,493
Title IV Part A Grants			S424A210015	-	1,677	-	81,609
Total - Student Support and Academic Enrichment Program				-	327,282	-	229,645

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 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
COVID-19 - Education Stabilization Fund		84.425					
Governor's Emergency Education Relief	Indiana Department of Education	84.425C	S425C200018	-	550,266	-	45,663
Governor's Emergency Education Relief	Indianapolis Public School	84.425C	S425C200018	-	-	-	3,857
CARES Act	Indiana Department of Education	84.425D	S425D200013	-	6,654,460	-	4,214,079
ESSER III	Indiana Department of Education	84.425U	S425U210013	-	4,210,633	-	8,697,236
Total - COVID-19 - Education Stabilization Fund				-	11,415,359	-	12,960,835
Total - Department of Education				-	19,769,209	-	22,095,077
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medical Admin Claiming FY22			FY 2021-2022	-	104,502	-	-
Medical Admin Claiming FY23			FY 2022-2023	-	-	-	147,641
Medical Assistance Program	Indiana Family and Social Services Administration						
Medical IEP FY22			FY 2021-2022	-	306,328	-	-
Medical IEP FY23			FY 2022-2023	-	-	-	498,835
Total - Medical Assistance Program				-	410,830	-	646,476
Total - Medicaid Cluster				-	410,830	-	646,476
Refugee and Entrant Assistance State/Replacement Designee Administered Programs							
Refugee Grant	Indiana Department of Education	93.566	700REFSOCVCF20	-	5,238	-	-
Refugee Grant			700REFSOCVCF21	-	21,442	-	-
Refugee Grant			700REFSOCVCF22	-	7,476	-	6,220
Total - Refugee and Entrant Assistance State/Replacement Designee Administered Programs				-	34,156	-	6,220
Total - Department of Health and Human Services				-	444,986	-	652,696
Total federal awards expended				\$ -	\$ 27,221,315	\$ -	\$ 28,684,804

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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	Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund	Qualified Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,677,197

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 Finding: Material Weakness, Noncompliance

Repeat Finding

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

Condition and Context

The School Corporation is required to file financial reports not later than 60 days after the close of each fiscal year. The reports are to be filed electronically as prescribed.

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(Continued)

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 failed to properly review the federal grant information prepared and submitted in Gateway. Although the Assistant Accounting Manager prepared and entered the federal award information into Gateway, and the Accounting Manager and Chief Business Officer reviewed and approved the information entered, the internal control was not effective and did not detect or allow for correction of errors prior to submission by the Chief Business Officer.

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

- The Child Nutrition Cluster expenditures were understated by \$3,639,091 and \$1,555,530 for fiscal years 2021-2022 and 2022-2023, respectively.
- Five grants had individually immaterial errors, which resulted in misstatements of expenditures of \$264,251, in total, for 2021-2022.
- Six grants had individually immaterial errors, which resulted in misstatements of expenditures of \$208,685, in total, for 2022-2023.
- Various pass-through entity names, program names, award names, Assistance Listings Numbers, and pass-through entity (or other) identifying numbers were omitted or 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 . . ."

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:

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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

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(Continued)

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

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

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

Cause

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 controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 21611-058-PN01; 22611-058-PN01
21619-056-PN01; 22619-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation utilized separate funds to account for the financial activity of the special education programs. The ledger activity for these funds was used as the basis for the expenditures claimed for reimbursement on the reimbursement requests submitted to the Indiana Department of Education (IDOE).

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(Continued)

The School Corporation failed to properly review the reimbursement requests submitted to the IDOE. Although the Assistant Accounting Manager prepared the reimbursement requests, and the Accounting Manager reviewed the requests prior to submission through the IDOE information portal, the internal control was not effective and did not prevent, or detect and correct, material noncompliance.

Testing of the reimbursement requests submitted during the audit period identified the following issues:

- Award 21611-058-PN01 - Seven reimbursement requests were filed during the audit period; all of which were selected for testing. For five of the seven reimbursement requests tested, the expenditures did not agree to the ledger. For four of the five reimbursement requests in which the expenditures did not agree to the ledger, the errors were due to timing issues as expenses were claimed for reimbursement prior to being incurred. As such, the expenditures claimed for reimbursement on two of the requests exceeded the amount per the ledger, with the amount per the ledger then exceeding the expenditures requested for reimbursement by the same amount on the subsequent request. The expenditures included in the fifth reimbursement request exceeded the ledger amount, resulting in a \$17 excess reimbursement over what the School Corporation was entitled to receive.
- Award 22611-058-PN01 - Three reimbursement requests were filed during the audit period; all of which were selected for testing. For two of the three reimbursement requests tested, the amount per the ledger exceeded the expenditures claimed by a total of \$416,468. Upon inquiry of the School Corporation to understand why this happened, the officials indicated that total expenditures exceeded the budgeted allocations per the awards. Therefore, the net difference was subtracted from the reimbursement request to determine the amount to request. As such, there was no supporting documentation that detailed the expenditures requested for or excluded from the reimbursement request.
- Award 21619-056-PN01 - Two reimbursement requests were filed during the audit period; all of which were selected for testing. For one of two reimbursement requests tested, the expenditures included on the reimbursement request exceeded the ledger amount, resulting in a \$72 excess reimbursement.
- Award 22619-056-PN01 - Four reimbursement requests were filed during the audit period; all of which were selected for testing. For one of four reimbursement requests tested, the amount per the ledger exceeded the expenditures claimed by a total of \$7,538. Upon inquiry of the School Corporation to understand why this happened, the officials indicated that total expenditures exceeded the budgeted allocations per the awards. Therefore, the net difference was subtracted from the reimbursement request to determine the amount to request. As such, there was no supporting documentation that detailed the expenditures requested for or excluded from the reimbursement request.

The lack of internal controls and noncompliance were isolated to the 21611-058-PN01, 22611-058-PN01, 21619-056-PN01, and 22619-056-PN01 grant awards.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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 Financial reporting. . . ."

2 CFR 200.208(b) states in part: "The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed, . . ."

2 CFR 200.328 states:

"Unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future, OMB-approved, governmentwide data elements available from the OMB-designated standards lead. This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information."

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, requests for reimbursement were not supported by the ledgers.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 requests for reimbursement are supported by the ledgers.

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: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027; 84.173; 84.027X; 84.173X

Federal Award Numbers and Years (or Other Identifying Numbers): 19611-058-PN01, 21611-058-PN01, 22611-058-PN01, 22611-056-ARP, 20619-056-PN01, 21619-056-PN01, 22619-056-PN01, 22619-056-ARP, 23611-056-PN01

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 number was 2021-002.

Condition and Context

Procurement - Policy

The School Corporation had adopted a purchasing policy; however, the policy did not conform to the procurement standards outlined in 2 CFR 200.318 through 2 CFR 200.326. The policy did not reflect applicable state laws and regulations, avoid acquisition of unnecessary or duplicative items, ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service being procured, and ensure that all solicitations identify all requirements which the offerors must fulfill and other factors to be used in evaluating bids or proposals.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Procurement - Small Purchases

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.

There were forty-seven vendors identified that fell within the small purchases threshold. Eight of the vendors were selected for testing. For eight of eight vendors tested that fell within the small purchases threshold, the School Corporation did not obtain an adequate number of price or rate quotations to ensure the procurements provided full and open competition. In addition, history of the procurements which would include the rationale for the method of procurement, selection of the vendor, and basis for price was not documented.

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

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 person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the School Corporation, it was determined there was a process in place to verify that vendors were not suspended or debarred, or otherwise excluded or disqualified from participation in the federal award, prior to entering into a covered transaction. One employee was responsible for checking SAM exclusions by running a vendor exclusion list and comparing that list to a vendor history report from the School Corporation's financial software. However, there was no documented oversight, review, or approval process to ensure the process was completed and accurate.

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 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: . . .

(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. . . ."

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed and implemented by management of the School Corporation, which would include segregation of key functions. 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. As a result, goods that fell within the small purchase threshold were not properly procured.

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.

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: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Number: 84.425D
Federal Award Number and Year (or Other Identifying Number): S425D200013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The School Corporation hired a consultant to compile and provide to them a fixed asset report that was to contain all inventory and assets purchased that exceeded the School Corporation's capitalization threshold through June 30, 2023. The consultant prepared the report; however, the School Corporation did not have any policies or procedures in place to ensure the listing was complete, nor was there any documentation that differences between the compiled asset report and the School Corporation's equipment records were reviewed and resolved.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A property record or capital asset listing would include the following for each asset: a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property, is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

During the audit period, the School Corporation purchased 29 pieces of equipment with ESSER funds totaling \$1,079,249, none of the equipment was included on the asset listing prepared by the consultant.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

". . .

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. . . ."

Cause

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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, assets purchased with federal dollars, ESSER funds, were not properly added to the School Corporation's asset listing. In addition, assets on the listing did not denote whether federal funds were used to acquire the asset, nor were any discrepancies in the records reconciled.

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 assets are properly included on the asset listing.

Views of Responsible Officials

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

FINDING 2023-005

Subject: COVID-19 - Education Stabilization Fund - Special
Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listings Numbers: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed, nor implemented a system of internal controls to ensure that construction contracts in excess of \$2,000 paid from federal grant funds included a prevailing wage rate clause. Four contracts entered into by the School Corporation during the audit period were to be paid from multiple fund sources, including COVID-19 - Education Stabilization Fund grant funds. Total contract expenditures from the COVID-19 - Education Stabilization Fund grant funds during the audit period was \$2,518,768. All four contracts tested did not contain the required prevailing wage rate clause. Furthermore, eight invoices were tested and did not include the required certified payrolls from the contractors.

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). . . ."

29 CFR 5.5 states in part:

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

(1) *Minimum wages.*

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

(i)

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

2 CFR 200 Appendix II states in part:

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

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

Cause

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions. 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, construction contracts entered into did not contain the required wage rate requirements clauses, nor were certified payrolls obtained by the School Corporation.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and include the wage rate requirement clause in construction contracts. In addition, certified payrolls should be obtained as required in a timely manner.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

Auditor's Response

While the need to have the prevailing wage rate clause was not required at the initial inception of the contracts, as federal dollars were not the funding source, once it was determined federal funds were going to be utilized in whole or in part all requirements of the federal funds being utilized should have been considered. Any additional requirements necessitated by the change in funding source should have been incorporated into existing and future contracts. In addition, certified payroll documentation should have been obtained and reviewed by the School Corporation to ensure that contractors complied with wage rate requirements.

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AUDITEE-PREPARED DOCUMENTS

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



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8550 Woodfield Crossing Blvd. | Indianapolis, IN 46240-2478
www.msdt.k12.in.us

February 20, 2024

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2019-001, 2021-001

Fiscal year in which the finding initially occurred: 2017

Current Audit Period: FY22 and FY23

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

Summary of Audit Finding: Errors over grants entered into the gateway.

Status of Audit Finding: Not corrected

Response Comments: While there were material errors that were corrected for the 19-21 audit period for SEFA our review process failed to find all errors which resulted in additional finding for the 21-23 audit period. We will be implementing another level of check points and sign-off to find these errors before submission of the SEFA in Gateway beginning with fiscal year 2024.

Finding 2019-007, 2021-002

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: FY22 and FY23

Finding Subject: Special Education - Procurement

Summary of Audit Finding: Price or rate quotations were not obtained for purchases of goods or services exceeding \$10,000 threshold from an adequate number of sources.

Status of Audit Finding: Not corrected

Response Comments: Suspension & Debarment Reports were run quarterly but there was not sufficient documentation for the review and approval of these reports. Beginning July 2024 the Assistant Accounting Manager will run the reports annually in July from Sam.gov and FMS and compare the 2 files. This information will then be forwarded via email to the Accounting Manager for review and approval. The email approval will be saved in our shared drive as proof of file review. All new vendors will be checked in Sam.gov before allowing purchases to be placed. These review sheets will be saved as proof in our shared drive as well.

Special Ed was unable to produce adequate documentation that quotes were obtained for items exceeding \$10,000. Due to shortage of specialized staff such as SLP, OT, PT and nurses to support kids with IEP. Many staffing agencies do not have qualified staff. Beginning in July 2024 all requisitions for purchases/contracts will be required to have 3 quotes from qualified sources attached to the requisition.



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CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding: Errors reported on the SEFA' a combination of grants omitted, and grants reported in the wrong program year/number.

Contact Person Responsible for Corrective Action: Phyllis Ritenour

Contact Phone Number and Email Address: 317-845-9400 pritenour@msdtw.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Business Services will have documented checks for accuracy of the information being reported on the SEFA prior to upload to Gateway. This will include at least 3 employees from our department comparing the receipts and expenditures that we plan to upload to Gateway to our fund report and also to the ACH forms from IDOE to insure that the correct award numbers and amounts posted to those awards are being reported on the SEFA. We will also review the information with Child Nutrition prior to submission and obtain their sign off stating the information is correct.

Anticipated Completion Date:

August 2024

FINDING 2023-002

Finding Subject: Special Education Cluster (IDEA) - Reporting

Summary of Finding: Expenditures not agreeing with ledgers

Contact Person Responsible for Corrective Action: Phyllis Ritenour

Contact Phone Number and Email Address: 317-845-9400 pritenour@msdtw.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

The finding was due to amounts that could not be claimed timely for reimbursement because of funds needing to be moved within grant buckets. Per a discussion with the auditors we need to tie the expenses not claimed back to a specific employee/employees or a specific purchase. beginning with our March reimbursements all adjustments to the funds ledger will have backup documents showing what items were omitted from reimbursement because of need for a budget amendment.

Per Uniform Guidance:

2 CFR § 200.511(a) – “The auditee is responsible for follow-up and corrective action on all audit findings. . .The auditee must also prepare a corrective action plan for current year audit findings. . . The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS.”

2 CFR § 200.511(c) – “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in § 200.516, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.”

Anticipated Completion Date:

March 2024

FINDING 2023-003

Finding Subject: Special Education Cluster (IDEA) – Procurement, Suspension and Debarment

Summary of Finding: Insufficient documentation provided for proof of Procurement and Suspension and Debarment verifications

Contact Person Responsible for Corrective Action: Ghirmay Alazar (Procurement)

Phyllis Ritenour (Suspension & Debarment)

Contact Phone Number and Email Address: 317-845-9400 galazar@msdwt.k12.in.us
pritenour@msdwt.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Procurement - At our educational institution, we prioritize the unique learning needs of our students by actively seeking vendors who can effectively meet our expectations. To ensure transparency and fairness in the vendor selection process, we examine total costs estimates from each vendor and analyze their reputations, experience, customer feedback, and ability to provide innovative solutions. We use this information to make informed decisions and the rationale behind our vendor selection process. When searching for vendors we will keep documentation that displays the cost from each vendor and the rationale for selecting a specific vendor.

Suspension and Debarment – Beginning July 2024 the Assistant Accounting Manager will run reports annually in July from sam.gov and from FMS and compare the 2 files to make sure that we don't have vendors in our system that are on the debarment list. The files will then be forwarded to the Accounting Manager via email for review and approval. The approval email and the 2 reports will be saved in our shared drive as proof of file review. All new vendors will be checked in sam.gov before allowing purchases to be placed. The review sheets will be emailed to the Accounting Manager for review and approval, these will also be saved in our shared drive.

Anticipated Completion Date:

Procurement – December 2024

Suspension & Debarment – July 2024

FINDING 2023-004

Finding Subject: COVID-19 Education Stabilization Fund Equipment and Real Property Management

Summary of Finding: Inventory not included by Kroll (consultant) on Fixed Asset Ledger

Contact Person Responsible for Corrective Action: Phyllis Ritenour

Contact Phone Number and Email Address: 317-845-9400 pritenour@msdwt.k12.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan:

Per Uniform Guidance:

2 CFR § 200.511(a) – “The auditee is responsible for follow-up and corrective action on all audit findings. . .The auditee must also prepare a corrective action plan for current year audit findings. . . The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS.”

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Future Capital Asset Ledgers from Consultant will be reviewed by the Accounting and Assistant Accounting Manager. They will be compared not only to our spreadsheet of new and retired vehicles but also to all capitalized equipment, 734 & 735 object codes, listed in our financial system since the last capital asset review.

Anticipated Completion Date:

August 2025

FINDING 2023-005

**Finding Subject: COVID-19 Education Stabilization Fund – Special Test and Provisions
Summary of Finding: Test Provisions – Wage Requirements**

Contact Person Responsible for Corrective Action: Jim Boots

Contact Phone Number and Email Address: 317-845-9400 jboots@msdwt.k12.in.us

Views of Responsible Officials: We disagree with the finding

Explanation and Reasons for Disagreement:

The need for Wage Rate Requirements, i.e. Davis Bacon was not contemplated at the time the contracts for Construction Management services and contracting services were created, with the assistance of our legal team, and approved by the Board of Education. When it became known that Federal Assistance Funds were available to fund these existing projects, the District and our CM partners crafted language and incorporated it into the future project specific bidding documents for the appropriate projects and scopes of work that qualified for Federal Assistance Funds. The bidding documents are in the Operations Department files.

The District, along with our Capital Projects Team and CM partners, developed a system of tracking, verification, reporting and internal controls to ensure the required documentation and supporting information was filed timely and accurately.

Each Pay Application (invoice) contains individual line items in the project specific Schedule of Values for the scope of work that was for Federal Assistance Funding. Our established internal controls and review process pulled that information from each Pay App and identified it to be funded by Federal Assistance Funds. This information is retained in the Operations Department files.

In the event our design team (Schmidt) assisted the District with additional services that were funded from Federal Assistance Funds, we are unable to determine how to document this as professional services are compensated on a lump sum/percentage complete basis.

Any documentation can be provided in response to a specific request containing the specific information being requested (contractor or scope of work) and the specific project.

Per Uniform Guidance:

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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/>.