

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP  
MARION COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
06/04/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	W. Kirk Farmer	07-01-13 to 06-30-18
Superintendent of Schools	Dr. Debbie Sullivan Nathan S. Davis (interim) Dr. Matt Prusiecki	07-01-13 to 07-19-13 07-20-13 to 08-26-13 08-27-13 to 06-30-18
President of the School Board	Dale Henson Judith Collins Larry Taylor Dale Henson Judith Collins	07-01-13 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF DECATUR TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to our audit report of the Metropolitan School District of Decatur Township (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

May 24, 2018

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS

***FINDING 2015-001***

Subject: Special Education Cluster (IDEA) - Cash Management,  
Period of Availability, and Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-053-PN01, 14213-053-PN01,  
14214-053-PN01, 14215-053-PN01,  
99914-053-PN01, A58-3-13DL-1444,  
45713-053-PN01, 45714-053-PN01,  
45715-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Availability, Reporting

Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. During the audit period, the Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Cash Management, Period of Availability, and Reporting.

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 Cash Management, Period of Availability, and Reporting compliance requirements.

Reimbursement reports for the Special Education Cluster (IDEA) were completed every two weeks throughout the audit period. These requests for reimbursement were integral components of the School Corporation's compliance with the Cash Management, Period of Availability, and Reporting compliance requirements. Detailed supporting documentation used to prepare the reimbursement reports was not maintained. As a result, it could not be determined whether the expenditures claimed were correct and for the period stated on the reimbursement requests.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

34 CFR 80.23(a) states:

"*General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Cash Management, Period of Availability, and Reporting compliance requirements was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Cash Management, Period of Availability, and Reporting compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Cash Management, Period of Availability, and Reporting compliance requirements will be maintained and available for audit.

*Views of Responsible Officials*

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-002***

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-053-PN01, 14213-053-PN01,  
14214-053-PN01, 14215-053-PN01,  
99914-053-PN01, A58-3-13DL-1444,  
45713-053-PN01, 45714-053-PN01,  
45715-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principals

Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. During the audit period, the Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles.

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 compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that Semi-Annual Certifications and time and effort records were in compliance with program requirements. The School Corporation failed to maintain proper Semi-Annual Certifications and time and effort records on all full and part-time employees paid from the Special Education Cluster (IDEA) for the audit period.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, item 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principle compliance requirement.

*Views of Responsible Officials*

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-003***

Subject: School Breakfast Program and National School Lunch Program - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2013-001.

*Condition*

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 Reporting compliance requirement.

The School Corporation relied on one employee to prepare and submit the food service monthly Sponsor Claims (claims for reimbursement) and the Annual Financial Report.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2015-004**

Subject: School Breakfast Program and National School Lunch Program - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

*Condition*

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 Program Income compliance requirement.

The School Corporation established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund. Prepayments were not recorded in a separate fund.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2015-005**

Subject: School Breakfast Program and National School Lunch Program - Cash Management  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Other Matters

*Condition*

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 Cash Management compliance requirement.

No audit evidence was presented that indicated the School Corporation had monitored the School Lunch fund to ensure the balance of the fund (net cash resources) was not more than the three months average expenditures. No audit evidence was presented that indicated a spend down was in place for the months in which the School Lunch fund exceeded the three months average expenditures.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout audit period.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

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

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Cash Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-006***

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2013-003.

*Condition*

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.

The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 180.300 states:

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

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no question costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2015-007**

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement. There was no segregation of duties, such as an oversight, review, or approval process.

The School Board minutes indicated that they approved a five cent increase in the school lunch prices for the 2013-2014 school year and an additional five cent increase for the 2014-2015 school year. However, the paid lunch equity form and the supporting documentation were not presented for audit.

*Context*

The lack of controls and was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in § 210.14(e); . . ."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that documentation was maintained to support the School Corporation's compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, resulted in the inability to verify the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure that documentation will be maintained to support compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2015-008**

Subject: School Breakfast Program and National School Lunch Program - Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 2014, SY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure that documentation supporting compliance with the grant agreement and the Eligibility compliance requirement was maintained.

The School Corporation used a point of sales software system to manage some of the functions of the program. The software system was used to assist in making eligibility determinations and also as a database record for applications submitted and student eligibility designations. The School Corporation was not able to access information in the software system for the audit period; therefore, eligibility testing could not be performed.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The inability to access information from the software system prevented the determination of the School Corporation's compliance for the entire audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

7 CFR 210.23(c) states:

*"Retention of records.* State agencies and school food authorities may retain necessary records in their original form or on microfilm. State agency records shall be retained for a period of 3 years after the date of submission of the final Financial Status Report for the fiscal year. School food authority records shall be retained for a period of 3 years after submission of the final Claim for Reimbursement for the fiscal year. In either case, if audit findings have not been resolved, the records shall be retained beyond the 3-year period as long as required for the resolution of the issues raised by the audit."

7 CFR 220.7(e) states in part:

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

- (13) Upon request, make all accounts and records pertaining to its nonprofit school food service available to the State agency, to FNS and to OA for audit or review at a reasonable time and place. Such records shall be retained for a period of three years after the end of the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit; . . ."

*Cause*

The School Corporation switched to a different point of sales software vendor after the close of the audit period. Management of the School Corporation had not developed a system of internal controls that would have ensured records from the previous point of sales software vendor were retained and available for audit.

*Effect*

The failure to establish an effective internal control system prevented the determination of the School Corporation's compliance with the grant agreement and the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that supporting documentation related to the grant agreement and the Eligibility compliance requirement will be maintained and made available for audit.

*Views of Responsible Officials*

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-009***

Subject: Title I Grants to Local Educational Agencies - Reporting  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Numbers: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5300, 14-5300  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2013-004.

*Condition*

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 Reporting compliance requirement.

The School Corporation relied on one employee to prepare and submit the Final Expenditure Reports with no review or oversight process.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2015-010**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5300, 14-5300, 15-5300  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition*

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 compliance requirement.

The Title I department did not have a proper system of internal controls in place related to assigning payroll costs to three employees who worked partially on federal activities and partially on other non-federal activities.

The School Corporation was required to maintain Semi-Annual Certifications in order to comply with the time and effort requirements applicable to employees who worked solely on Title I under the Title I grant awarded under the requirements of OMB Circular A-133. Of the four sets of Semi-Annual Certifications that should have been filed during the audit period, only the Semi-Annual Certifications for July 29, 2014, were provided.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period, except for the Semi-Annual Certifications for July 29, 2014.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, section 8h, states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-011***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5300, 14-5300, 15-5300  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Findings: Material Weakness, Other Matters

*Condition*

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Supporting documentation was not consistently maintained for the students who were removed from their graduation cohort.

For 2 of the 15 students selected to be examined who were removed from their graduation cohort, evidence of oversight or review was not provided. For one student examined, supporting documentation indicated that the student graduated and should not have been removed from the cohort.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 200.19(b)(1)(ii)(B) states in part:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2015-012**

Subject: Title I Grants to Local Educational Agencies - Eligibility  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5300, 14-5300, 15-5300  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

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 Eligibility compliance requirement.

There was not an oversight or review process established for individual targeted assistance eligibility determinations. For both targeted assistance schools examined, sufficient audit evidence was not provided for verifying student selection for participation in the program.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Sufficient documentation was not provided to support compliance with the Eligibility compliance requirement.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that documentation related to the Eligibility compliance requirement was maintained and made available for audit.

*Effect*

The failure to maintain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish internal controls to ensure that documentation related to the grant agreement and the Eligibility compliance requirement will be maintained and made available for audit.

*Views of Responsible Officials*

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

**FINDING 2015-013**

Subject: Title I Grants to Local Educational Agencies - Earmarking  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 14-5300  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Matching, Level of Effort, Earmarking  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

The allocation amount for Neglected Institutions for the fiscal year 2013 Title I grant was \$201,699. The actual amount spent was \$166,817. This resulted in a shortfall of \$34,882 spent for Neglected Institutions.

The allocation amount for Neglected Institutions for the fiscal year 2014 Title I grant was \$210,000. The actual amount spent was \$143,185. This resulted in a shortfall of \$66,815 spent for Neglected Institutions.

The allocation amount for Parental Involvement for the fiscal year 2014 Title I grant was \$38,200. The actual amount spent was \$36,543. This resulted in a shortfall of \$1,657 spent for Parental Involvement.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The Title I Fiscal Handbook 2014-2015 provided by Indiana Department of Education states in part:

"Certain reservations or set-asides are required for LEAs. Some set-asides are *mandatory*, with the percentage of the current allocation determined by NCLB requirements. Others are at the *discretion* of the LEA. Neglected is determined by the amount stated on the Allocation letter. All set-asides should be deducted from the total allocation (Basic, Targeted, EFIG, Concentration) before determining the amount of money that goes to each school served. . . ."

*"An LEA must reserve 1% of its grant allocation if the allocation is \$500,000 or above. 95% of the 1% must be budgeted at the school level."*

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the Matching, Level of Effort, Earmarking compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Views of Responsible Officials*

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



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## CORRECTIVE ACTION PLAN

### **FINDING 2015-001**

Contact Person Responsible for Corrective Action: Kirk Farmer  
Contact Phone Number: (317) 856 - 5265

Views of Responsible Official: We concur with the identified findings.

### Description of Corrective Action Plan:

The school district will begin to account for the Special Education Cluster (IDEA) grants locally instead of Southside Special Services of Marion County (Cooperative) acting as the Fiscal Agent. Procedures currently utilized to request reimbursement monthly for federal grants, one of which is to retain supporting expenditure detail, will be implemented for the Special Education Cluster (IDEA).

Anticipated Completion Date: July 1, 2018

*Kirk Farmer*

\_\_\_\_\_  
(Signature)

CFO

\_\_\_\_\_  
(Title)

05 / 22 / 18

\_\_\_\_\_  
(Date)



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## CORRECTIVE ACTION PLAN

### **FINDING 2015-002**

Contact Person Responsible for Corrective Action: Kirk Farmer  
Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the identified findings.

### Description of Corrective Action Plan:

The school district will begin to account for the Special Education Cluster (IDEA) grants locally instead of Southside Special Services of Marion County (Cooperative) acting as the Fiscal Agent. Procedures will be established to ensure the Grant Administrator compiles or maintains annual certifications and time / effort logs. These will be provided to the Business Department to determine adherence to Allowable Costs / Cost Principles under the Special Education Cluster (IDEA).

Anticipated Completion Date: July 1, 2018

*Kirk Farmer*

\_\_\_\_\_  
(Signature)

CFO

\_\_\_\_\_  
(Title)

05 / 22 / 18

\_\_\_\_\_  
(Date)



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## CORRECTIVE ACTION PLAN

### **FINDING 2015-003**

Contact Person Responsible for Corrective Action: Becky Betz

Contact Phone Number: 317-856-5265

We concur with the finding.

#### Description of Corrective Action Plan:

The food service director will review and sign off on all monthly reimbursement reports before they are submitted to the state for reimbursement.

The child nutrition administrative assistant will review the annual financial report and sign off before it is submitted to the state by the food service director.

Anticipated Completion Date:  
Immediately.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)



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### CORRECTIVE ACTION PLAN

**FINDING 2015-004**

Contact Person Responsible for Corrective Action: Becky Betz

Contact Phone Number: 317-856-5265

We concur with the finding.

Description of Corrective Action Plan:

The food service department will create an 8400 account and balance monthly to be able to track the prepayments.

Anticipated Completion Date:

Will start new process July 1, 2018.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)

## CORRECTIVE ACTION PLAN

### **FINDING 2015-005**

Contact Person Responsible for Corrective Action: Becky Betz  
Contact Phone Number: 317-856-5265

We concur with the finding.

#### Description of Corrective Action Plan:

The food service director works with the department of education yearly to create a spend down plan for the 800 fund. The plan is approved yearly by the department of education. Once this plan has been created and approved, the CFO will review. The food service director and CFO will continue to review the plan throughout the year as purchases are made. The food service director will save any written correspondence with the department of education and CFO detailing this plan and progress throughout the year.

#### Anticipated Completion Date:

Will start new process July 1, 2018.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)

## CORRECTIVE ACTION PLAN

### **FINDING 2015-006**

Contact Person Responsible for Corrective Action: Becky Betz

Contact Phone Number: 317-856-5265

We concur with the finding.

#### Description of Corrective Action Plan:

The food service department will ensure that all vendors that we purchase from have not been suspended or debarred from participation in federal programs by either looking them up on the federal website or including language in our contracts that has the vendor attest that they are not suspended or debarred.

Anticipated Completion Date:  
Immediately.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)

## CORRECTIVE ACTION PLAN

### **FINDING 2015-007**

Contact Person Responsible for Corrective Action: Becky Betz

Contact Phone Number: 317-856-5265

We concur with the finding.

#### Description of Corrective Action Plan:

The food service director will complete all Paid Lunch Equity documentation as required by the USDA yearly. This documentation will be reviewed by the assistant director before submission. All written documentation between the food service director and the department of education regarding the paid lunch equity will be saved for review. Any raise in lunch price that is required by the outcome of the paid lunch equity tool will be requested by the food service director to the school board for approval. All documentation of this request and approval will be documented in writing and saved.

Anticipated Completion Date:

Immediately.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)



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### CORRECTIVE ACTION PLAN

**FINDING 2015-008**

Contact Person Responsible for Corrective Action: Becky Betz

Contact Phone Number: 317-856-5265

We concur with the finding.

Description of Corrective Action Plan:

The food service department will ensure that all completed free and reduced meal applications are properly saved and accessible for review. All applications will be saved for the 5 year time frame as required by the USDA.

Anticipated Completion Date:  
Immediately.

Becky Betz  
(Signature)

Director of Child Nutrition  
(Title)

5/23/18  
(Date)





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## CORRECTIVE ACTION PLAN

### **FINDING 2015-009**

Contact Person Responsible for Corrective Action: Stephanie Hofer

Title of Contact Person: Director of Elementary Education

Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In order to improve the existing internal control structure moving forward, management will develop procedures to ensure those items detailed below are addressed.

- Department administration will be trained and will utilize the Title I Fiscal Guidance Handbook System provided by the Indiana Department of Education.
- District administration will implement a process within the department to ensure compliance with requirements related to the grant agreement and the "Reporting" compliance requirement

Anticipated Completion Date: July 1, 2018

Stephanie Hofer  
(Signature)

Director of Elementary Ed  
(Title)

5/25/18  
(Date)





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### CORRECTIVE ACTION PLAN

**FINDING 2015-010**

Contact Person Responsible for Corrective Action: Stephanie Hofer

Title of Contact Person: Director of Elementary Education

Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In order to improve the existing internal control structure moving forward, management will develop procedures to ensure those items detailed below are addressed.

- Expenses, which are allowable, are paid from federal funds and proper segregation of duties is established by having the Business Department review claims.
- A process will be in place for the department to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.
- The department will implement a process that supports employees who work partially on federal activities and partially on other non-federal activities to maintain adequate supporting documentation for the distribution of their wages.
- The School Corporation will comply with the time and effort requirements for those employees who worked solely and partially on Title I under the Title I grant awarded under the requirements of OMB Circular A-133. A "PAR" form will be put into place for employees to track time working on Title.

Anticipated Completion Date: July 1, 2018

Steph Hofer  
(Signature)

Director of Elementary Ed  
(Title)

5/25/18  
(Date)





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**FINDING 2015-011**

Contact Person Responsible for Corrective Action: Stephanie Hofer

Title of Contact Person: Director of Elementary Education

Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- We will develop procedures and processes to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. Supporting documentation will be consistently maintained for those students who are removed from their graduation cohort.

Anticipated Completion Date: July 1, 2018

Stephanie Hofer  
(Signature)

Director of Elementary Ed  
(Title)

5/25/18  
(Date)





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## CORRECTIVE ACTION PLAN

### **FINDING 2015-012**

Contact Person Responsible for Corrective Action: Stephanie Hofer

Title of Contact Person: Director of Elementary Education

Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- District administration will implement a process to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement. We will implement a process for individual targeted assistance eligibility determinations.

Anticipated Completion Date: July 1, 2018

Stephanie Hofer  
(Signature)

Director of Elementary Ed  
(Title)

5/25/18  
(Date)





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## CORRECTIVE ACTION PLAN

### **FINDING 2015-013**

Contact Person Responsible for Corrective Action: Stephanie Hofer

Title of Contact Person: Director of Elementary Education

Contact Phone Number: (317) 856-5265

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

- Department administration will be trained and directed to utilize the Title I Fiscal Guidance Handbook System provided by the Indiana Department of Education. An effective internal control system will be in place at the School Corporation in order to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Anticipated Completion Date: July 1, 2018

Stephanie Hofer  
(Signature)

Director of Elementary Ed  
(Title)

5/25/18  
(Date)



METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP  
EXIT CONFERENCE

The contents of this report were discussed on May 24, 2018, with W. Kirk Farmer, Treasurer; Dawn Lee, Deputy Treasurer; Matt Prusiecki, Superintendent of Schools; and Judith Collins, President of the School Board.