

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF WAYNE TOWNSHIP
MARION COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
02/28/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dennis Tackitt	07-01-17 to 08-11-17
	(Vacant)	08-12-17 to 12-31-17
	Amy Eaton	01-01-18 to 06-30-19
	Barry Gardner	07-01-19 to 06-30-20
Superintendent of Schools	Dr. Jeff Butts	07-01-17 to 06-30-20
President of the School Board	Michael Morrow	01-01-17 to 12-31-17
	Phyllis Lewis	01-01-18 to 12-31-18
	Brandon Bowman	01-01-19 to 12-31-20



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 WAYNE 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 Wayne Township (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated December 9, 2019, 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.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 9, 2019, except for the Schedule of Expenditures of
Federal Awards, for which the date is February 19, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Wayne 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, 2017 to June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

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)

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance 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.

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated December 9, 2019, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted 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.


Paul D. Joyce, CPA
State Examiner

February 19, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
2017-18 Child Nutrition			FY2018	\$ -	\$ 3,519,703	\$ -	\$ -
2018-19 Child Nutrition			FY2019	-	-	-	3,596,147
Total - School Breakfast Program				-	3,519,703	-	3,596,147
National School Lunch Program	Indiana Department of Education	10.555					
2017-18 Child Nutrition			FY2018	-	6,707,679	-	-
2018-19 Child Nutrition			FY2019	-	-	-	6,954,385
2017-18 Child Nutrition - Commodities			FY2018	-	747,269	-	-
2018-19 Child Nutrition - Commodities			FY2019	-	-	-	746,388
Total - National School Lunch Program				-	7,454,948	-	7,700,773
Summer Food Service Program for Children	Indiana Department of Education	10.559					
2017-18 Child Nutrition			FY2018	-	156,998	-	-
2018-19 Child Nutrition			FY2019	-	-	-	155,430
Total - Summer Food Service Program for Children				-	156,998	-	155,430
Total - Child Nutrition Cluster				-	11,131,649	-	11,452,350
Child and Adult Care Food Program	Indiana Department of Education	10.558					
2017-18 Child Nutrition			FY2018	-	275,702	-	-
2018-19 Child Nutrition			FY2019	-	-	-	214,478
Total - Child and Adult Care Food Program				-	275,702	-	214,478
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582					
2017-18 Child Nutrition			FY2018	-	212,714	-	-
2018-19 Child Nutrition			FY2019	-	-	-	189,271
Total - Fresh Fruit and Vegetable Program				-	212,714	-	189,271
Total - Department of Agriculture				-	11,620,065	-	11,856,099
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
IDEA FY16 Part B			14216-061-PN01	-	57,427	-	-
IDEA FY17 Part B Section 611			14217-061-PN01	-	1,036,695	-	45,858
IDEA FY18 Part B Section 611			18611-061-PN01	-	2,641,419	-	1,033,128
IDEA FY19 Part B Section 611			19611-061-PN10	-	-	-	2,761,094
Total - Special Education Grants to States				-	3,735,541	-	3,840,080

METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Special Education Preschool Grants	Indiana Department of Education	84.173					
IDEA FY16 Part B Preschool			45716-061-PN01	-	8,575	-	-
IDEA FY17 Part B Section 619			45717-061-PN01	-	74,653	-	6,325
IDEA FY18 Part B Section 619			18619-061-PN01	-	45,859	-	33,314
IDEA FY19 Part B Section 619			19619-061-PN01	-	-	-	68,907
Total - Special Education Preschool Grants				-	129,087	-	108,546
Total - Special Education Cluster (IDEA)				-	3,864,628	-	3,948,626
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
2016-17 Adult Ed			5104180P16ABEGR	-	482,241	-	-
2017-18 Adult Ed			5104180P17ABEGR	-	266,141	-	289,258
2018-19 Adult Ed			5104180P18ABEGR	-	-	-	425,946
2016-17 EL/CIVICS Adult Ed			5104190P16ABEGR	-	50,917	-	-
Total - Adult Education - Basic Grants to States				-	799,299	-	715,204
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-16			S010A150014	-	9,050	-	-
Title I 2016-17			S010A160014	-	1,700,159	-	-
Title I 2017-18			S010A170014	-	2,938,712	-	2,306,002
Title I 2018-19			S010A180014	-	-	-	3,191,975
Total - Title I Grants to Local Educational Agencies				-	4,647,921	-	5,497,977
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
FY17 Federal CTE Grant			17-4700-5375	-	129,117	-	-
FY18 Federal CTE Grant			18-4700-5375	-	500,288	-	142,250
2018 CTE Summer Expansion			18a-4700-5375	-	-	-	35,077
2018-19 CTE Perkins			19-4700-5375	-	-	-	648,369
High CTE Percentage Grant			A58-7-17CI-4354	-	62,872	-	-
2017-18 High CTE Grant			A58-8-18CI-5065	-	31,290	-	68,710
Total - Career and Technical Education - Basic Grants to States				-	723,567	-	894,406
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
2016-17 McKinney Vento Grant			7000S196A160015	-	45,000	-	-
2017-18 McKinney Vento Grant			7000S196A170015	-	45,000	-	-
2018-19 McKinney Vento Grant			7000S196A180015	-	-	-	45,000
Total - Education for Homeless Children and Youth				-	90,000	-	45,000

METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 15-17			01116-071-PN01	-	39,170	-	-
Title III 2016-18			01117-068-PN01	-	140,568	-	10,180
Title III 2017-2019			01118-066-PN01	-	132,102	-	203,960
Title III 2018-2020			01119-067-PN01	-	-	-	196,677
Title III 15-17 Immigrant Influx			01116-004-FLUX	-	18,390	-	-
Title III 2018-20 Immigrant Influx			01119-001-FLUX	-	-	-	30,710
Total - English Language Acquisition State Grants				-	330,230	-	441,527
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 15-17			S367A150013	-	25,102	-	-
Title II FY16			S367A160013	-	367,003	-	29,367
Title II FY17			S367A170013	-	176,219	-	456,277
Title II FY 2018			S367A180013	-	-	-	4,703
Total - Supporting Effective Instruction State Grants				-	568,324	-	490,347
Student Support and Academic Enrichment Program 2018-20 Title IV	Indiana Department of Education	84.424					
			S424A180015	-	-	-	7,782
Total - Student Support and Academic Enrichment Program				-	-	-	7,782
Total - Department of Education				-	11,023,969	-	12,040,869
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - MAC			FY2018, FY2019	-	176,318	-	167,619
Medicaid - IEP			FY2018, FY2019	-	144,679	-	181,198
Total - Medical Assistance Program				-	320,997	-	348,817
Total - Medicaid Cluster				-	320,997	-	348,817
Total - Department of Health and Human Services				-	320,997	-	348,817
Total federal awards expended				\$ -	\$ 22,965,031	\$ -	\$ 24,245,785

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

METROPOLITAN SCHOOL DISTRICT OF WAYNE 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, 2018 and 2019. 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 WAYNE 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.002	Adult Education - Basic Grants to States	Unmodified
84.048	Career and Technical Education - Basic Grants to States	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,416,324

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Adult Education - Basic Grants to States - Eligibility

Federal Agency: Department of Education

Federal Program: Adult Education - Basic Grants to States

CFDA Number: 84.002

Federal Award Numbers and Years (or Other Identifying Numbers): 5104180P16ABEGR,
5104180P17ABEGR,
5104180P18ABEGR

Pass-Through Entity: Indiana Department of Workforce Development

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, 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.

During fiscal year 2017-2018, applications for participation in the Adult Education - Basic Grants to States program did not have a control structure in place to ensure that eligibility determinations were accurate. During the second year of the audit period, the School Corporation implemented a computerized application process and implemented an internal control system.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Eligibility 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 2019-002

Subject: Child Nutrition Cluster - Eligibility, Procurement, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

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): FY2018, FY2019

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Procurement and Suspension and Debarment, Special Tests and
Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Eligibility (School Breakfast Program and National School Lunch Program only)

During fiscal year 2017-2018, paper applications received for the School Food programs, which were used to determine eligibility, were entered into the computer system for determination by the food service staff. There were no controls in place to ensure this information was entered correctly.

Procurement

The School Corporation did not have a system of internal controls in place over Procurement for exceeds simplified acquisition purchases and small purchases. There was no oversight, review, or approval process to ensure that the procurement methods were being followed. The lack of controls was a systemic issue throughout the audit period.

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

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
(School Breakfast Program and National School Lunch Program only)*

The Food Service Director was responsible for performing the verification of Free and Reduced Price Applications. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the verifications. The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Eligibility, Procurement and Suspension and Debarment, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

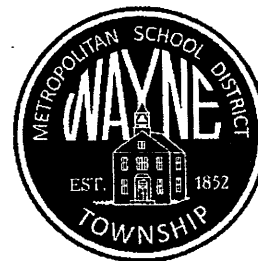
The Metropolitan School District of Wayne Township

Phone: (317) 988-8600

Fax: (317) 243-5744

Email: ?????????

Education Center
1220 South High School Road
Indianapolis, Indiana 46241



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Sara Gasiorowski

Contact Phone Number: 317-988-7960

Status of Audit Finding:

Cash Management:

The department monitors the monthly cash balances by printing out the Daily Fund Report from FMS at the end of each month and making sure it matches with revenues/expenses. The monthly fund balance is also included on the profit/loss report. The fund balance is rechecked and verified against the Form 9 reports in January and July.

The department submits a spend down plan to DOE with the Annual Financial Report each year. The projected expenses and estimated date of purchase are included with the correspondence with DOE, and the correspondence is kept with the AFR information.

Program Income:

Monthly Activity Reports and Cash Collection Reports from the point of sale system are saved to a shared file in Google for the Business Office to review and compare to the Bank Reconciliation.

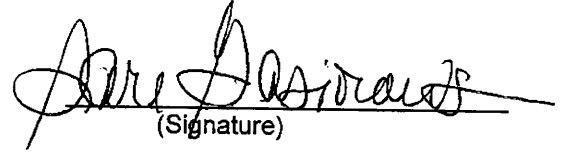
Reporting:

The monthly meal count reports are printed from the Point of Sale and reviewed by the Child Nutrition Director prior to completing the monthly Reimbursement claim to DOE. If any information is missing, the director emails the manager to correct the error (ex: snacks not entered for a given day). The assistant director (or designee) double checks the monthly meal count report and reimbursement claim to make sure all numbers match prior to submission to DOE. The CN Director and Assistant Director (or designee) initial both reports.



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(Signature)

Child Nutrition Director
(Title)

November 6, 2019
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

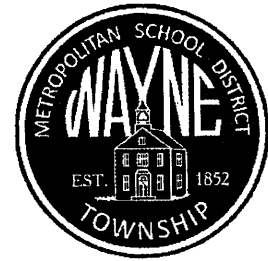


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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

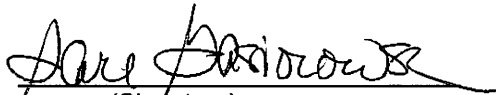
FINDING 2017-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Sara Gasiorowski
Contact Phone Number: 317-988-7960

Status of Audit Finding:

Paid Lunch Equity:

Copies of the approved Paid Lunch Equity (PLE) are maintained in the State Information binder for the correct year along with the PLE calculations that are submitted to DOE for approval. The PLE calculations are prepared by the Child Nutrition Director and reviewed by the department's Administrative Assistant prior to submission. (signatures are recorded).


(Signature)

Child Nutrition Director
(Title)

November 6, 2019
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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Indianapolis, Indiana 46241



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Dr. Tara Rinehart

Contact Phone Number: 317-988-8605

Status of Audit Finding:

The use of semi-annual certifications have been put in place and continue to be utilized. The School Corporation only utilizes special education grant funds for allowable grant activities per written documentation from the IDOE Office of Special Education to pay excess costs for Special Education through the awarding of the grant. The corporation utilizes the Time and Effort Reporting Guidance provided by the IDOE in order to correctly use the semi-annual certifications which states that "a semi-annual certification is a sign-off twice a year (usually every six months) by the employee or a supervisor." The Office of Special Services Administrative Assistant and Director of Special Services jointly prepares financials within the grant scope. Grants Manager reviews, revises and verifies allowable costs and expenditures. Deputy Treasurer provides oversight and guidance in cost expenditures and payroll transactions. Chief Financial Officer also provides oversight and guidance in cost expenditures and payroll transactions. Superintendent signs off on any grant before submission to IDOE.


(Signature)

Director of Special Services
(Title)

11-11-19
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action:

Contact Phone Number:

Status of Audit Finding:

The administrator of the Title I program works closely with the business office, particularly the grant accountant, to monitor expenditures and reporting requirements related to the grant. The Title I administrator and grant accountant meet annually to review the Final Expenditure Reports prior to submission. Because of the complexities of this review, it always happens in-person and with specific reference to financial records. There are multiple emails documenting this ongoing communication.

At the end of each grant cycle, the Title I Administrator will sign and approve a printed copy of the Final Expenditure Report for district records prior to the submission of the report.

A handwritten signature in black ink that reads "Anne E. Olson".

(Signature)

Curriculum Coordinator / Title I Coordinator

(Title)

November 6, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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FINDING 2019-001

Contact Person Responsible for Corrective Action: Christine McIntyre-Gray
Contact Phone Number: 317.988.7968

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

In the 2018-2019 school year, WTAE implemented an online application with computer based control system along with a staff witness. According to the auditor, these two checks now meet the federal control system requirements. WTAE is now in compliance.

Anticipated Completion Date:

WTAE implemented the control system in the 2018-2019 school year. Since the implementation, WTAE has been in compliance.

FINDING 2019-002

Contact Person Responsible for Corrective Action: Sara Gasiorowski
Contact Phone Number: 317.988.7960

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Beginning with the 2019-2020 school year, the Child Nutrition Director (or designee) will review all paper applications prior to staff entering data into the computer point of sale system for processing. The Child Nutrition Director (or designee) will initial each application reviewed, and the Child Nutrition staff member who enters the data will write the application number (from the point of sale system) on the application and then initial.

The Child Nutrition Department follows all procurement regulations as prescribed by the US Department of Agriculture. All procurement records are reviewed by DOE during the Procurement Review process, and the department was found to be in compliance during the review during the 2018-19 school year.



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For equipment purchases \$5,000.00 or more, the Child Nutrition Director will submit the DOE approved Procurement Summary for review and sign off from the Business Office.

The Child Nutrition Department follows all US Department of Agriculture regulations for proper verification of meal applications. The Verification Summary is submitted to the DOE School and Community Nutrition Division every year for review and approval.

The district moved to the Community Eligibility Program (CEP) effective with the 2019-2020 school year and is no longer required to complete verification except for Wayne Township Preschool (WTP) that participates in the National School Breakfast Program.

The Child Nutrition Director will complete the required verification of applications for WTP and the Assistant Child Nutrition Director (or designee) will review the verification documents and initial.

Anticipated Completion Date:

The updated procedures have been implemented during the 2019-2020 school year for the eligibility action plan.

The updated procedures have been implemented February 2020 for the procurement action plan.

The updated procedures will be implemented during the verification process in the 2020-2021 school year (October 1 – November 15, 2020).



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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/>.