

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

PERRY TOWNSHIP SCHOOLS

MARION COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/25/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	J. Michael Bagley Kent A. Hatcher	07-01-17 to 02-11-19 02-12-19 to 06-30-22
Superintendent of Schools	Patrick W. Mapes	07-01-17 to 06-30-22
President of the School Board	Kenneth J. Mertz Edward T. Denning Emily Hartman Steve Johnson	01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 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 PERRY TOWNSHIP SCHOOLS, 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 Perry Township Schools (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 January 14, 2020, 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.

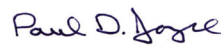
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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

January 14, 2020, except for the Schedule of Expenditures
of Federal Awards, for which the date is March 3, 2020



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 PERRY TOWNSHIP SCHOOLS, MARION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Perry Township School'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002, 2019-003, 2019-005, and 2019-006. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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, 2019-002, 2019-003, 2019-004, 2019-005, and 2019-006, that we consider to be material weaknesses.

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

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.

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 January 14, 2020, 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
Paul D. Joyce, CPA
State Examiner

March 3, 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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PERRY TOWNSHIP SCHOOLS
 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 17-18	\$ -	\$ 1,753,946	\$ -	\$ -
			FY 18-19	-	-	-	2,210,079
Total - School Breakfast Program				-	1,753,946	-	2,210,079
National School Lunch Program	Indiana Department of Education	10.555					
			FY 17-18	-	5,576,932	-	-
			FY 18-19	-	-	-	6,930,823
Commodities			FY 17-18	-	696,264	-	-
			FY 18-19	-	-	-	666,060
Total - National School Lunch Program				-	6,273,196	-	7,596,883
Special Milk Program for Children	Indiana Department of Education	10.556					
Nutrition Program			FY 17-18	-	1,389	-	-
Nutrition Program			FY 18-19	-	-	-	974
Total - Special Milk Program for Children				-	1,389	-	974
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Nutrition Program			FY 17-18	-	281,442	-	-
Nutrition Program			FY 18-19	-	-	-	339,350
Total - Summer Food Service Program for Children				-	281,442	-	339,350
Total - Child Nutrition Cluster				-	8,309,973	-	10,147,286
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Nutrition Program			FY 17-18	-	68,302	-	-
Nutrition Program			FY 18-19	-	-	-	108,929
Total - Child and Adult Care Food Program				-	68,302	-	108,929
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
Nutrition Program Food Equipment Grant			FY 17-18	-	37,443	-	-
Nutrition Program Food Equipment Grant			FY 18-19	-	-	-	28,898
Total - Child Nutrition Discretionary Grants Limited Availability				-	37,443	-	28,898
Total - Department of Agriculture				-	8,415,718	-	10,285,113

PERRY TOWNSHIP SCHOOLS
 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 Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611			14216-051-PN01	-	172,539	-	-
Part B 611			14217-051-PN01	-	2,008,971	-	704
Part B 611			18611-051-PN01	-	2,086,545	-	708,478
Part B 611			18611-093-PN01	-	-	-	1,022,100
Part B 611			19611-093-PN01	-	-	-	2,300,976
Total - Special Education Grants to States				-	4,268,055	-	4,032,258
Special Education Preschool Grants							
Special Education Preschool Grants	Indiana Department of Education	84.173					
Part B 619			45717-051-PN01	-	54,138	-	-
Part B 619			18619-051-PN01	-	49,705	-	25,411
Part B 619			18619-093-PN01	-	-	-	16,226
Part B 619			19619-093-PN01	-	-	-	70,387
Total - Special Education Preschool Grants				-	103,843	-	112,024
Total - Special Education Cluster (IDEA)				-	4,371,898	-	4,144,282
Title I Grants to Local Educational Agencies							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A150014	-	1,054,625	-	-
Title I			S010A170014	-	2,274,228	-	1,278,858
Title I			S010A180014	-	-	-	2,674,004
Title I School Improvement Grant			S010A170014	-	-	-	56,228
Total - Title I Grants to Local Educational Agencies				-	3,328,853	-	4,009,090
English Language Acquisition State Grants							
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			01116-067-PN01	-	267,663	-	-
Title III/Influx			01117-004-FLUX	-	36,573	-	18,447
Title III			01117-064-PN01	-	346,006	-	232,847
Title III/Influx			01118-002-FLUX	-	-	-	87,519
Title III			01118-062-PN01	-	-	-	528,469
Title III			01119-060-PN01	-	-	-	9,264
Total - English Language Acquisition State Grants				-	650,242	-	876,546
Supporting Effective Instruction State Grants							
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A150013	-	157,583	-	-
Title II			S367A160013	-	157,726	-	151,769
Title II			S367A170013	-	-	-	329,355
Total - Supporting Effective Instruction State Grants				-	315,309	-	481,124

PERRY TOWNSHIP SCHOOLS
 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
Student Support and Academic Enrichment Program Title IV Part A	Indiana Department of Education	84.424	S424A180015	-	-	-	17,120
Total - Student Support and Academic Enrichment Program				-	-	-	17,120
Disaster Recovery Assistance for Education Emergency Impact Aid for Displaced Students	Indiana Department of Education	84.938	S938C180023	-	-	-	8,750
Total - Disaster Recovery Assistance for Education				-	-	-	8,750
Total - Department of Education				-	8,666,302	-	9,536,912
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Administrative Claiming			FY 17-18	-	76,909	-	-
Medicaid Administrative Claiming			FY 18-19	-	-	-	76,011
Total - Medical Assistance Program				-	76,909	-	76,011
Total - Medicaid Cluster				-	76,909	-	76,011
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Indiana Department of Education	93.566					
Refugee			700REFSOCSVCF17	-	57,414	-	-
Refugee			700REFSOCSVCF18	-	97,946	-	32,891
Refugee			700REFSOCSVCF19	-	-	-	87,281
Total - Refugee and Entrant Assistance State/Replacement Designee Administered Programs				-	155,360	-	120,172
Total - Department of Health and Human Services				-	232,269	-	196,183
Total federal awards expended				\$ -	\$ 17,314,289	\$ -	\$ 20,018,208

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

PERRY TOWNSHIP SCHOOLS
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.

Note 3. Special Education Cooperative

The School Corporation was a member of a special education cooperative (Cooperative) during fiscal year 2017-2018. The Cooperative operated the special education programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements on the financial statement.

PERRY TOWNSHIP SCHOOLS
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?	none reported
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	none reported

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
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.365	English Language Acquisition State Grants	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$1,119,975

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Special Education Cluster (IDEA) - Activities Allowed
or Unallowed and 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): 18611-093-PN01, 19611-093-PN01,
18619-093-PN01, 19619-093-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

There was no documented review of the payroll information charged to the grant during fiscal year 2018-2019.

The lack of controls was isolated to 2018-2019.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2019-002

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

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): 14216-051-PN01, 45717-051-PN01,
14217-051-PN01, 18619-051-PN01,
18611-051-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a participating member school corporation of the Southside Special Services of Marion County Special Education Cooperative (Cooperative). The School Corporation designated a fiscal agent from the Cooperative to receive and manage the funding of the special education programs. The School Corporation relied on the Cooperative to comply with the Procurement and Suspension and Debarment compliance requirement; however, because the grant agreements were between the Indiana Department of Education and each member school corporation of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation had not established effective controls to ensure that proper procurement procedures were followed by the Cooperative. They did not have internal controls in place to ensure that the purchasing methods used by the Cooperative complied with their procurement procedures and applicable state, local, and federal requirements. Additionally, the School Corporation did not have internal controls in place to ensure that the Cooperative properly documented the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

The Cooperative did not provide price or rate quotes from an adequate number of sources for purchases of goods or services costing \$3,500 to \$150,000, which fell within the small purchase procedures. The Cooperative also did not document the rationale for the method of procurement in cases where competition was limited and that the limitation was justified.

The Cooperative did not provide bid documentation for a contract with a vendor that exceeded the 'Simplified Acquisition' dollar amount of \$150,000. Full and open competition could not be substantiated for the \$293,307 paid to this vendor during July 1, 2017 through June 30, 2018.

Suspension and Debarment

The Cooperative did not have internal controls in place to ensure contracted vendors that exceeded \$25,000 in the aggregate were not suspended or debarred from participation in the federal program.

The Cooperative entered into one contract with a vendor that exceeded \$25,000. They did not perform any procedures to verify that the vendor was not suspended or debarred, or otherwise excluded from, or ineligible for, participation in the federal program prior to the contract.

The lack of controls was isolated to fiscal year 2017-2018.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318(i) states:

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

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures 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 2019-003

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): S010A170014, S010A180014, S010A150014

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

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

For 15 of the 40 students examined who were removed from the graduation cohort, evidence of oversight and review was not provided, and the required supporting documentation was not maintained.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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 of the School Corporation 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.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. The failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, related to the grant agreement and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement and retain documentation for all students who withdraw from the School Corporation.

Views of Responsible Officials

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2019-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.556, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, 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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, and Eligibility compliance requirements.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

The School Corporation had not established an internal control system to ensure that payroll to salaried employees and benefits payments from the School Lunch fund were allowable activities and allowable costs.

Program Income

The School Corporation had not established an effective internal control system to ensure that program income was properly assessed in accordance with grant requirements.

Eligibility

The School Corporation had not properly designed and implemented internal controls over Eligibility for free and reduced price applications. Paper application information was input into the Department's software system with final review and approval from the Director of Child Nutrition Services; however, there was no documentation to determine this process was consistently followed.

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management of the School Corporation 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 compliance requirements listed above. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, and Eligibility compliance requirements.

Views of Responsible Officials

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

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2019-005

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not comply with the procurement requirements for small purchases during fiscal year 2017-2018 or 2018-2019. The School Corporation purchased goods without the appropriate procurement procedures in place. The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, but under \$150,000 in 2017-2018 or exceeding \$10,000, but under \$150,000 in 2018-2019, which fell under the small purchase procedures.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement . . .

- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. The failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply 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 2019-006

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation performed and retained the paid lunch equity calculation for both school years in the audit period. However, the calculation for fiscal year 2017-2018 did not agree with the supporting documentation. The paid lunch equity calculation for 2017-2018 was based on the total number of paid lunches from October 2016. The total number of elementary paid lunches was 708 more on the paid lunch equity calculation than on the reimbursement claim from October 2016.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of controls was isolated to 2017-2018.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 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. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

- (i) 2 percent; and
- (ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

PERRY TOWNSHIP SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(4) *Price Adjustments.*

- (i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.
- (ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.
- (iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement listed above. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



Perry Township Schools

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kent Hatcher and Erin Coleman

Contact Phone Number: (317) 789-3763 and (317) 789-3745

Status of Audit Finding:

Beginning July 2017, all Department of Education Financial Reports, Claims for Reimbursement, Verification Reports and Other Special Reports are prepared by the Director or Assistant Director of Food Services and are reviewed for accuracy by the Director or Assistant Director of Food Services or the Food Service Bookkeeper requiring two separate signatures for documentation. The reports are printed, dated, and signed first by the person completing the report and then by the designated person reviewing the report for accuracy. All reports are retained. These Internal Controls are ongoing.

Kent A. Hatcher,
Chief Financial Officer
January 14, 2020

Erin Coleman,
Director of Child Nutrition
January 14, 2020

(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: July 1, 2015 to June 30, 2017

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kent Hatcher

Contact Phone Number: (317) 789-3763

Status of Audit Finding:

Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions

The district refunded the entire Food Service Fund for the fiscal years 2015-2016, 2016-2017, and 2017-2018 on December 26, 2018. The refund amount for each year was independently calculated at the exact amount originally transferred \$150,000 per year for a total transfer of \$450,000.

The Perry Township Worker's Compensation program is self-insured. The Direct Cost for Food Service employees is now obtained through our Worker's Compensation Consultant JWF Specialty on a yearly basis. The document used to calculate the transfer is the Payment Register reported by employee and employee group for the Food Service Department only. This process is ongoing.

Program Income

As of March 2018, reconciliation of the transfers from Prepaid Lunches fund (8400) to the School Lunch fund (800) as been completed. This process utilizes the Skyward Report showing the amount of Prepaid Lunches on the "SBOA Prepaid Food Applied Detail Report". This report accurately reflects the actual prepaid program income generated from food service operations. The reconciliation report, including the transfers, is reviewed and approved by the Food Service Director and Bookkeeper. This process is ongoing.

Kent A. Hatcher,
Chief Financial Officer
January 14, 2020

(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 2017-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: July 1, 2015 to June 30, 2017

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kent Hatcher and Dana DeHart

Contact Phone Number: (317) 789-3763 and (317) 789-3796

Status of Audit Finding:

The school district will begin to account for the Special Education Cluster (IDEA) grants locally instead of Southside Special Services of Marion County (Inter-Local) acting as the Fiscal Agent. Department administration will be trained and directed to utilize the System for Award Management (SAM) to verify if an entity or individual has been declared ineligible to receive Federal contracts due to a violation of Executive Order 12549, before awarding a contract for goods or services, which exceeds \$25,000.

Kent A. Hatcher,
Chief Financial Officer
January 14, 2020

Dana DeHart,
Director of Special Education
January 14, 2020

(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: July 1, 2013 to June 30, 2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Title I Administrator, Jane Pollard and
Fiscal Coordinator, Lisa Harrison

Contact Phone Number: (317) 789-3777 and (317) 789-3725

Status of Audit Finding:

The Fall 2017 submission, the Fall 2018, and the Fall 2019 Comparability Reports have all been completed and submitted by the Title I Administrator. Prior to submission, each report was reviewed for accuracy and completeness by the Fiscal Coordinator and initialed in agreement. Future submissions will contain the signature of the Title I Administrator and initials of the Fiscal Coordinator

Kent A. Hatcher,
Chief Financial Officer
January 14, 2020

Jane Pollard,
Director of Elementary Education /
Title I Administrator
January 14, 2020

Lisa Harrison,
Title I Fiscal Coordinator
January 14, 2020

(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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CORRECTIVE ACTION PLAN

FINDING 2019-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Dana DeHart
Contact Phone Number: (317) 789-3763 and (317) 789-3796

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Payroll has been and continues to be reviewed by the Perry Township Schools' Chief Financial Officer, Payroll Supervisor, Payroll Clerk and the Finance Director with every payroll cycle. Reports are documented and approval is signed by each person in the process. Payroll fund assignments are also reviewed on a regular basis and as changes in personnel are made with Human Resources, Payroll and Finance Accounting Team. Beginning in January 2020, after hearing a new suggested requirement at a training seminar, Perry Township Schools began sending the Payroll Register which includes a list of personnel assignments for each Federal Grant to a program area expert for review and documented approval. We will also be reviewing for documented approval all Payroll Registers between July 1, 2019 and December 31, 2019 and make any necessary adjustments retroactive to July 1, 2019. We believe this added layer of review meets the recommendations and requirements listed.

Anticipated Completion Date: New process was implemented January 2020 with completion of payroll review for July through December 2019 anticipated by April 30, 2020.

FINDING 2019-02 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Dana DeHart
Contact Phone Number: (317) 789-3763 and (317) 789-3796

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Perry Township Schools is no longer a participating member school of the Southside Special Services of Marion County Special Education Cooperative (Cooperative). Perry Township Schools has established proven and tested effective controls to ensure proper procurement procedures are followed in our programs. Our new Special Education Director works within the Federal Procurement guidelines and direction provided by the Indiana Department of Education including proper bid, selection, suspension and debarment protocols. Perry Township Schools relationship with the Cooperative ended on July 1, 2018.

Anticipated Completion Date: Corrected as of July 1, 2019.



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FINDING 2019-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Jane Pollard

Contact Phone Number: (317) 789-3763 and (317) 789-3777

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Perry Township Schools has recently changed our procedure for student removal from our Graduation Cohorts. Starting with the 2019-2020 school year, and the 2020 Cohort, we have implemented the Indiana Department of Education (IDOE) requirements and guidelines. Our procedures were reviewed by the IDOE when they audited our 2019 Graduation Cohort. In response to that Graduation Cohort Audit we have implemented changes that address this finding and have corrected our procedures. We will monitor changes in the Federal Requirements and the State IDOE guidance to ensure any future changes are incorporated into our procedures.

Anticipated Completion Date: Corrected as of July 1, 2019, currently in place for the 2020 Student Cohort.

FINDING 2019-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Erin Coleman

Contact Phone Number: (317) 789-3763 and (317) 789-3745

Views of Responsible Official: We concur with the finding.

Allowable Activities, Allowable Costs/Cost Principles:

Description of Corrective Action Plan: Payroll has been and continues to be reviewed by the Perry Township Schools Chief Financial Officer, Payroll Supervisor, Payroll Clerk and the Finance Director with every payroll cycle. Reports are documented and approval is signed by each person in the process. Payroll fund assignments are also reviewed on a regular basis and as changes in personnel are made with Human Resources, Payroll and Finance Accounting Team. Beginning in January 2020, after hearing a new suggested requirement at a training seminar, Perry Township Schools began sending the Payroll Register which includes a list of personnel assignments for each Federal Grant to a program area expert for review and documented approval. We will also be reviewing for documented approval all Payroll Registers between July 1, 2019 and December 31, 2019 and make any necessary adjustments retroactive to July 1, 2019. We believe this added layer of review meets the recommendations and requirements listed.

Anticipated Completion Date: New process was implemented January 2020 with completion of payroll review for July through December 2019 anticipated by April 30, 2020.



Perry Township Schools

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Program Income:

Description of Corrective Action Plan: Our new Child Nutrition Director has already established a written procedure to address this issue. The Child Nutrition Director provides pricing change requests to our Information Technology Staff. The Technology Staff make the changes in our software system and respond that the changes have been made. The Child Nutrition Director logs into the system and verifies the changes, prints a confirmation of the changes, signs and dates the confirmation and retains on file.

Anticipated Completion Date: Effective July 1, 2019.

Eligibility:

Description of Corrective Action Plan: The Child Nutrition Department will implement a change to current procedures to address this finding. Currently a Nutrition staff member enters the information from the paper application into our software system. They will now begin printing a confirmation page with each application entered. They will initial the confirmation page and pass the documentation to another, separate, Child Nutrition Employee who will confirm the information. They will verify that the data from the paper application was entered correctly. They will initial the confirmation page if all data entry is correct. If any incorrect information is noted it will be corrected in the system and a new confirmation page will be initialed by both Child Nutrition staff members. This will assure that all information entered from each paper application is reviewed and documented by multiple staff. The confirmation page, with initials, will be filed with the original application materials.

Anticipated Completion Date: Effective March 3, 2020.

FINDING 2019-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Erin Coleman
Contact Phone Number: (317) 789-3763 and (317) 789-3745

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Our new Child Nutrition Director has already implemented changes to our Nutrition Departments Procurement procedures for all Goods and Equipment. All Procurement activity for the Department is now approved by the Child Nutrition Director. Documentation of competition and selection will be maintained for each Procurement as outlined by the USDA Procurement Guidelines and as directed by the Indiana Department of Education. Each Procurement will include review by the Assistant Director and final approval by the Director. Each Procurement will include the required Suspension and Debarment testing. This process is currently in place for all Goods and Equipment and will need to be updated for Service Agreements.

Anticipated Completion Date: Service Agreements will be bid by May 1, 2020.



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FINDING 2019-006 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kent Hatcher and Erin Coleman

Contact Phone Number: (317) 789-3763 and (317) 789-3745

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As mentioned in the finding this is an isolated incident that only occurred for one monthly claim in October 2016. Our new Child Nutrition Director reviews all claims prior to submission and now also utilizes the Assistant Director to review the numbers for accuracy. Both individuals document and sign each claim. A tracking sheet has also been developed to compare the claims submitted and paid by the Indiana Department of Education with our documented numbers.

Anticipated Completion Date: Corrected as of July 1, 2019

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/>.