

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
ALLEN COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/26/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James W. Coplen Mark D. Snyder	07-01-17 to 06-30-19 07-01-19 to 06-30-20
Superintendent of Schools	Dr. Philip G. Downs	07-01-17 to 06-30-20
President of the School Board	Meagan K. Milne Thomas F. Rhoades	01-01-17 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 METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Southwest Allen County (School Corporation), for the period of July 1, 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 21, 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 21, 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 SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2019-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the School Corporation with the Child Nutrition Cluster regarding Eligibility. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph 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 Child Nutrition Cluster for the period of July 1, 2017 to June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2017 to June 30, 2019.

Other 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.

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


Our 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.

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 21, 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, CPA
State Examiner

January 21, 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.

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
 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 2017-18	\$ -	\$ 59,366	\$ -	\$ -
			FY 2018-19	-	-	-	55,608
				-	59,366	-	55,608
Total - School Breakfast Program				-	59,366	-	55,608
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 2017-18	-	717,116	-	-
School Lunch			FY 2018-19	-	-	-	794,702
Commodities			FY 2018-19	-	-	-	221,206
				-	717,116	-	1,015,908
Total - National School Lunch Program				-	717,116	-	1,015,908
Total - Child Nutrition Cluster				-	776,482	-	1,071,516
Total - Department of Agriculture				-	776,482	-	1,071,516
<u>Department of Justice</u>							
STOP School Violence	Direct Grant	16.839	2018-YS-BX-0144	-	-	-	30,526
Total - Department of Justice				-	-	-	30,526
<u>Department of Energy</u>							
State Energy Program	Indiana Office of Energy Development	81.041	EE0006210	-	-	-	26,516
Total - Department of Energy				-	-	-	26,516
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-052-PN01	-	2,792	-	-
			14217-052-PN01	-	251,952	-	3,287
			18611-052-PN01	-	1,204,647	-	212,051
			19611-052-PN01	-	-	-	1,324,582
	Indiana State University		FY 2016-2017	-	52,518	-	-
			FY 2017-2018	-	82,544	-	44,266
			FY 2018-2019	-	-	-	82,981
Total - Special Education Grants to States				-	1,594,453	-	1,667,167

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY
 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	45716-052-PN01	-	223	-	-
			45717-052-PN01	-	232	-	-
			18619-052-PN01	-	30,633	-	779
			19619-052-PN01	-	-	-	33,140
Total - Special Education Preschool Grants				-	31,088	-	33,919
Total - Special Education Cluster (IDEA)				-	1,625,541	-	1,701,086
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	S010S150014	-	91,664	-	-
			S010A150014	-	344,162	-	136,423
			S010A180014	-	-	-	405,198
Total - Title I Grants to Local Educational Agencies				-	435,826	-	541,621
Career and Technical Education -- Basic Grants to States	Fort Wayne Community Schools	84.048	FY 2017-2018	-	36,665	-	-
			FY 2018-2019	-	-	-	50,306
Total - Career and Technical Education - Basic Grants to States				-	36,665	-	50,306
English Language Acquisition State Grants English Language Acquisition	Indiana Department of Education	84.365	01117-002-PN01	-	13,945	-	13,214
			01118-209-PN01	-	-	-	2,187
Total - English Language Acquisition State Grants				-	13,945	-	15,401
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	S367A160013	-	69,768	-	-
			S367A170013	-	527	-	117,633
			S367A180013	-	-	-	4,089
Total - Supporting Effective Instruction State Grants				-	70,295	-	121,722
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424	S424A180015	-	-	-	27,989
Total - Department of Education				-	2,182,272	-	2,458,125
Total federal awards expended				\$ -	\$ 2,958,754	\$ -	\$ 3,586,683

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

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

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 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 SOUTHWEST ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster Special Education Cluster (IDEA)	Qualified Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Child Nutrition Cluster - Cash Management
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2017-18, FY 2018-19
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Cash Management
 Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-003.

Condition and Context

The School Corporation had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement. The School Corporation did not have effective controls to monitor the monthly cash balance (net cash resources) of the School Lunch fund to ensure that the amount did not exceed the three months average expenditures.

The lack of controls was systemic 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). . . ."

Cause

The School Corporation's management had not developed a system of internal control to ensure compliance with the grant agreement and the compliance requirement listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal control to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

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

FINDING 2019-002

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2017-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement. It could not be determined if the School Corporation complied with the requirement of eligibility. The School Corporation failed to retain applications for free and reduced price school meals for fiscal year 2017-2018 after a change in the food service software vendor.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

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

Cause

The School Corporation's management had not developed a system of internal control that would have ensured compliance with the grant agreement and the compliance requirement listed above, and that would have ensured supporting documentation had been maintained and made available for audit.

Effect

The failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement for 2017-2018.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls to ensure supporting documentation will be maintained and made available for audit.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Summary Schedule of Prior Findings

FINDING 2017-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding originally occurred: 07/01/13 to 06/30/15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Status of Audit Finding:

Since this a repeat finding in the subsequent audit, new control procedures are now being implemented to assure the accuracy of financial reports submitted to the State of Indiana. Further review by the Treasurer and Deputy Treasurer, will take place prior to the Schedule of Expenditures of Federal Awards is submitted.

FINDING 2017-002 – Child Nutrition Cluster – Internal Controls

Fiscal year in which the finding originally occurred: 07/01/13 to 06/30/15
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Status of Audit Finding:

- *A review with proper documentation of free and reduced lunch applications by the food service director has be done for all applicable applications.*
- *We have examined our current revenue collection procedure to safeguard against potential misstatements of revenue and to control the number of employees handling food service collections.*
- *Food service bids, received from our educational service center and other outside service providers have been presented to the School Board for approval.*

FINDING 2017-003 – Child Nutrition Cluster – Cash Management

Fiscal year in which the finding originally occurred: 07/01/13 to 06/30/15
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Preparing today's learners for tomorrow's opportunities.

Mark Snyder ♦ Business Manager
4824 Homestead Road ♦ Fort Wayne, Indiana 46814 ♦ (260) 431-2030 ♦ msnyder@sacs.k12.in.us

Status of Audit Finding:

- We have monitored the cash balance to ensure it does not exceed the average three months operating expenses.
- Business Manager has reviewed the monthly cash balance in the food service account and compared it to the three-month average.
- To date, our review has indicated our month-end balances to be less than the average three-month operating expenses.

FINDING 2017-004 – Child Nutrition Cluster – Reporting

Fiscal year in which the finding originally occurred: 07/01/15 to 06/30/17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Status of Audit Finding:

The Annual Financial Report and Verification Summary Reports have been presented to the business office before being submitted to the proper agencies.

FINDING 2017-005 – Child Nutrition Cluster – Special Tests and Provisions – Paid Lunch Equity

Fiscal year in which the finding originally occurred: 07/01/15 to 06/30/17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Status of Audit Finding:

Proper documentation has been kept and secured for audit purposes.

FINDING 2017-006 – Child Nutrition Cluster – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)

Fiscal year in which the finding originally occurred: 07/01/15 to 06/30/17
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mark Snyder
Contact Phone Number: 260-431-2030

Status of Audit Finding:

Verification of Free and Reduced Price Applications has be compliant with the guidelines set forth in the School Breakfast and National School Lunch Programs. Documentation of these verifications have been kept for audit and review.

Mark D. Snyder
(Signature)

Business Manager
(Title)

1/21/20
(Date)

Preparing today's learners for tomorrow's opportunities.



SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2019-001

Contact Person Responsible for Corrective Action: Business Manager

Contact Phone Number: (260)431-2030

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The Business Manager and Deputy Treasurer will review and monitor Revenue and Expenditures Ledgers including detail and summary of balances monthly. The ledgers will be signed by both the Business Manager and the Deputy Treasurer. An expenditure average for a month will be calculated using previous history to monitor the total balance. The balance should be at most approximately 3 months of operating expenditures. Signatures will be included on the monthly balances.

Anticipated Completion Date: Immediately

Mark D. Snyder

(Signature)

Business Manager

(Title)

1/21/20

(Date)

Preparing today's learners for tomorrow's opportunities.

Mark Snyder ♦ Business Manager
4824 Homestead Road ♦ Fort Wayne, Indiana 46814 ♦ (260) 431-2030 ♦ msnyder@sacs.k12.in.us



SACS

SOUTHWEST ALLEN COUNTY SCHOOLS

CORRECTIVE ACTION PLAN

Finding 2019-002

Contact Person Responsible for Corrective Action: Food Service Director

Contact Phone Number: (260)431-2030

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Eligibility – The free and reduced application filled out by guardians is collected and input into the food service software program. Once the data is input, a printout of each student’s information that was input into the food service software program will be given to the Food Service Director to review for accuracy and completeness. The original applications and the list of electronic applications, from the food service software program, will be signed by the Food Service Director and the Assistant Food Service Director and kept for review.

Anticipated Completion Date: Immediately

_____ **Brant Brown** _____
(Signature)

__ **Food Service Director** __
(Title)

_____ **1/22/2020** _____
(Date)

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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/>.