

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP

MARION COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/20/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-19
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-23
Corrective Action Plan	24-25
Other Reports.....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joseph Licata Rebecka Smith	07-01-19 to 06-30-20 07-01-20 to 06-30-22
Superintendent of Schools	Dr. Nikki C. Woodson	07-01-19 to 06-30-22
President of the School Board	Dr. Wanda Thruston John P. Fenci William Turner Donald B. Kite, Sr.	07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 06-31-22



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Washington Township (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 31, 2022, 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be material weaknesses.

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

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

Metropolitan School District of Washington Township's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

May 31, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Washington Township's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2019 to June 30, 2021. 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.

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, 2019 to June 30, 2021.

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)

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 item 2021-002. 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 item 2021-002, that we consider to be material weaknesses.

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

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 31, 2022, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 31, 2022

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2020	\$ -	\$ 763,899	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2020	-	55,145	-	-
COVID-19 - School Breakfast Program							
Total School Breakfast Program				-	819,044	-	-
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	2,198,408	-	-
National School Lunch Program			FY 2020	-	2,187	-	-
After School Hours Snack Program			FY 2020, FY2021	-	371,240	-	486,781
Commodities							
Subtotal - National School Lunch Program				-	2,571,835	-	486,781
COVID-19 - National School Lunch Program							
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	156,481	-	-
COVID-19 - After School Hours Snack Program			FY 2020	-	472	-	-
Subtotal - COVID-19 - National School Lunch Program				-	156,953	-	-
Total - National School Lunch Program				-	2,728,788	-	486,781
Summer Food Service Program For Children							
Summer Food Service Program For Children	Indiana Department of Education	10.559	FY 2019-21	-	71,833	-	271,876
COVID-19 - Summer Food Service Program For Children							
COVID-19 - Summer Food Service Program For Children	Indiana Department of Education	10.559	FY 2020	-	492,043	-	-
COVID-19 - Summer Food Service Program For Children			FY 2021	-	-	-	2,176,303
Total - Summer Food Service Program for Children				-	563,876	-	2,448,179
Total - Child Nutrition Cluster				-	4,111,708	-	2,934,960
Total - Department Of Agriculture				-	4,111,708	-	2,934,960
Department of the Treasury							
COVID-19 - Coronavirus Relief Fund							
Grant For The Provision Of Employment & Training Services	Indiana Department of Workforce Development	21.019	AECARES20833	-	-	-	3,125
Adult Education Rapid Reskilling Grant	Employ Indy	21.019	S2305-RR-19-ABE	-	-	-	655,560
Total - COVID-19 - Coronavirus Relief Fund				-	-	-	658,685
Total - Department of the Treasury				-	-	-	658,685

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants To States							
	Indiana Department of Education	84.027					
Special Education Grants To States			18611-058-PN01	-	395,106	-	-
Special Education Grants To States			19611-058-PN01	-	2,745,659	-	328,717
Special Education Grants To States			20611-058-PN01	-	512,207	-	2,400,240
Special Education Grants To States			21611-058-PN01	-	-	-	306,398
Total - Special Education Grants To States				-	3,652,972	-	3,035,355
Special Education Preschool Grants							
	Indiana Department of Education	84.173					
Special Education - Preschool Grants			18619-058-PN01	-	47,494	-	-
Special Education - Preschool Grants			19619-058-PN01	-	21,421	-	52,252
Special Education - Preschool Grants			20619-058-PN01	-	30,148	-	36,512
Special Education - Preschool Grants			21619-058-PN01	-	-	-	40,160
Total - Special Education Preschool Grants				-	99,063	-	128,924
Total - Special Education Cluster (IDEA)				-	3,752,035	-	3,164,279
Adult Education - Basic Grants to States							
	Indiana Department of Workforce Development	84.002					
Adult Education Basic 2018-2019			V002A180014	-	617,456	-	-
Adult Education Basic 2019-2020			V002A190014	-	35,824	-	376,755
Adult Education Basic 2020-2021			V002A200014	-	-	-	1,334,350
Total - Adult Education - Basic Grants to States				-	653,280	-	1,711,105
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
Title I Grants			S010A180014	-	629,074	-	-
Title I Grants			S010A190014	-	1,258,690	-	1,369,709
Title I Grants			S010A200014	-	-	-	1,904,407
Total - Title I Grants to Local Educational Agencies				-	1,887,764	-	3,274,116
Career And Technical Education - Basic Grants to States							
	Indiana Department of Education	84.048					
Carl Perkins			18-4700-4345	-	283,824	-	-
Cte Summer Expansion Grant			18A-4700-5370	-	31,746	-	-
Cte Summer Expansion Grant			19A-4700-5370	-	35,000	-	-
Carl Perkins			20-0512-5370	-	301,900	-	422,463
Perkins Assessment Grant (Perkins Leadership)			20-0512-A024	-	11,180	-	1,458
Carl Perkins			21-0512-5370	-	-	-	336,378
Perkins Summer Bridge Grant	Indiana Governor's Workforce Cabinet		20-0512-SB24	-	-	-	42,500
Perkins Cte Covid-19 Grant			21-0512-C024	-	-	-	27,777
Total - Career And Technical Education - Basic Grants to States				-	663,650	-	830,576
Education For Homeless Children and Youth							
	Indiana Department of Education	84.196					
Mckinney Vento			A58-7-17SS-3962	-	45,000	-	-

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Acquisition			S365A180014	-	171,153	-	-
English Language Acquisition Title III			S365A190014	-	-	-	147,546
Total - English Language Acquisition State Grants				-	171,153	-	147,546
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Improving Teacher Quality Title II A			S367A170013	-	152,575	-	-
Improving Teacher Quality Title II A			S367A180013	-	272,995	-	116,445
Improving Teacher Quality Title II A			S367A190013	-	-	-	160,477
Teacher Leaders Bootcamp			S367A200013	-	-	-	3,839
Teacher Leaders Bootcamp			S367A180013	-	-	-	3,497
Total - Supporting Effective Instruction State Grants				-	425,570	-	284,258
Student Support And Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A Grants			S424A180015	-	49,060	-	54,272
Title IV Part A Grants			S424A190015	-	59,620	-	-
Title IV Part A Grants			S424A200015	-	-	-	-
Total - Student Support And Academic Enrichment Program				-	108,680	-	54,272
COVID-19 - Education Stabilization Fund		84.425					
Governor's Emergency Education Relief (GEER) Fund	Metropolitan School District of Perry Township	84.425C	S425C200018	-	-	-	16,437
Elementary and Secondary School Emergency Relief (ESSER) Fund	Indiana Department of Education	84.425D	S425D200013	-	-	-	1,006,200
Total - COVID-19 - Education Stabilization Fund				-	-	-	1,022,637
Total - Department of Education				-	7,707,132	-	10,488,789
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program		93.778					
Medicaid IEP	Indiana Department of Education		FY 2019-21	-	222,023	-	210,594
Indiana MAC Medicaid	Indiana Family and Social Services Administration		FY 2019-21	-	101,795	-	161,784
Total - Medical Assistance Program				-	323,818	-	372,378
Total - Medicaid Cluster				-	323,818	-	372,378
Refugee And Entrant Assistance State/Replacement							
Designee Administered Programs	Indiana Department of Education	93.566					
Refugee Grant			700REFSOCSVCF18	-	7,420	-	-
Refugee Grant			700REFSOCSVCF20	-	-	-	10,424
Total - Refugee And Entrant Assistance State/Replacement Designee Administered Programs				-	7,420	-	10,424
Total - Department of Health and Human Services				-	331,238	-	382,802
Total federal awards expended				\$ -	\$ 12,150,078	\$ -	\$ 14,465,236

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2020 and 2021. 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. GEER I Expenditures

The School Corporation was a participant in a joint application with other Local Educational Agencies to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. Perry Township Schools served as the fiscal agent for the award and expended award funds for equipment on behalf of all participants. The School Corporation received equipment as a result of the awarded grant in the amount of \$16,437. As a result, some of the activity for the GEER award that is presented as federal awards expended on the SEFA is not presented as receipts and disbursements on the financial statement for the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.002	Adult Education - Basic Grants to States	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.048	Career and Technical Education - Basic Grants to States	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$798,459

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2021-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

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

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

The SEFA presented for audit had several grants with individually immaterial errors that resulted in a combined misstatement of \$1,736,641.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

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

Cause

Management had not established an effective system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-002

Subject: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

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

Assistance Listings Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-058-PN01, 19611-058-PN01,
20611-058-PN01, 21611-058-PN01,
18619-058-PN01, 19619-058-PN01,
20619-058-PN01, 21619-058-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding regarding internal control from the immediately prior audit report. The prior audit finding number was 2019-007.

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain price or rate quotes for purchases of goods or services exceeding the \$10,000 threshold from an adequate number of sources. The procurements fell under the small purchase procedures. All six of the small purchase procurements tested did not comply. In addition, the School Corporation did not detail the history of the procurements.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.320(b) states:

"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 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."

Cause

Management had not established an effective system of internal control that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go 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.

Recommendation

We recommended that the School Corporation's management establish a system of internal control 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.

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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.



WASHINGTON
TOWNSHIP SCHOOLS

International Baccalaureate World School District
8550 Woodfield Crossing Blvd. | Indianapolis, IN 46240-2478
www.msdt.k12.in.us

March 21, 2022

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JULY 1, 2017 TO JUNE 30, 2019

FINDING 2019-001 - Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance
Contact Person: Phyllis Ritenour, Deputy Treasurer
Fiscal year that the finding originated 2017.

Status of Finding: Not Corrected during the Audit Period. Due to COVID and the retirement of our Chief Business Officer the changes were not communicated to us in time for corrections to be made prior to this audit period.

FINDING 2019-002 - Child Nutrition Cluster - Program Income
Audit Finding: Material Weakness
Contact Person: Annette Guenther, Child Nutrition Supervisor
Fiscal year that the finding originated 2019.

Status of Audit Finding: Corrected

FINDING 2019-003 - Child Nutrition Cluster - Special Tests and Provisions
Verification of Free and Reduced Price Applications
Audit Finding: Material Weakness
Contact Person: Annette Guenther, Child Nutrition Supervisor
Fiscal year that the finding originated 2017.

Status of Audit Finding: Corrected

FINDING 2019-004 - Child Nutrition Cluster - Eligibility
Audit Finding: Material Weakness
Contact Person: Annette Guenther, Child Nutrition Supervisor
Fiscal year that the finding originated 2019.

Status of Audit Finding: Corrected

FINDING 2019-005 - Child Nutrition Cluster- Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Audit Findings: Material Weakness, Other Matters

Contact Person: Annette Guenther, Child Nutrition Supervisor

Fiscal year that the finding originated 2017.

Status of Audit Finding: Corrected

FINDING 2019-006- Special Education Grants to States- Earmarking

Audit Findings: Material Weakness, Other Matters

Contact Person: Ghirmay Alazar, Special Ed Director/ Phyllis Ritenour, Deputy Treasurer

Fiscal year that the finding originated 2017.

Status of Audit Finding: Corrected

FINDING 2019-007 - Special Education Cluster (IDEA) - Procurement

Audit Findings: Material Weakness, Other Matters

Contact Person: Ghirmay Alazar Special Ed Director/Phyllis Ritenour, Deputy Treasurer

Fiscal year that the finding originated 2019

Status of Finding: Not Corrected during the Audit Period. Due to COVID and the retirement of our Chief Business Officer the changes were not communicated to us in time for corrections to be made prior to this audit period.

FINDING 2019-008 - Title I Grants to Local Educational Agencies - Eligibility

Audit Findings: Material Weakness, Other Matters

Contact Person: Child Michalek, Grants/Assessments Coordinator

Fiscal year that the finding originated 2019

Status of Audit Finding: Corrected

FINDING 2019-009 -Adult Education Basic Grants to States -Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Contact Person: Todd Deley, Adult Education Supervisor

Fiscal year that the finding originated 2019

Status of Audit Finding: Corrected



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CORRECTIVE ACTION PLAN – RESPONSE TO FINDINGS

FEDERAL AWARDS

JULY 1, 2019 TO JUNE 30, 2021

May 26, 2022

FINDING 2021-001

Contact Person Responsible for Corrective Action: Phyllis Ritenour, Deputy Treasurer
Contact Phone Number: 317-845-9400

Views of Responsible Official: We concur with the audit finding

Description of Corrective Action Plan: When preparing the SEFA Business Services will put the measures listed below in place to prevent overstatement and understatement amounts on the SEFA.

1. Commodities amounts for Child Nutrition will be taken from the IDOE's School Nutrition portal under Recipient Agency Allocations. The total will consist of 3 columns; Entitlement Used, No Charge Used and Bonus Used, being added together to get the total amount of commodities for the fiscal year.
2. Non-public schools will no longer have their expenditure amounts duplicated in the sub-recipient column as they are considered to be beneficiaries not sub-recipients. This will prevent our pass-through amounts being overstated.
3. Medical Assistance Program Medicaid IEP will use percentages provided by IDOE Finance to determine State & Federal Share amounts. Medical Assistance Program (Indiana MAC Medicaid) will have the gross amount of the quarterly distribution listed on the SEFA.

Anticipated Completion Date: August 2022

FINDING 2021-002

Contact Person Responsible for Corrective Action: Dr. Ghirmay Alazar, Director of Special Education

Contact Phone Number: 317-845-9400

Views of Responsible Official: We concur with the audit finding

Description of Corrective Action Plan: Documentation of posting of contracted positions are now being posted on the MSDWT website. The posting(s) will remain active until all positions are filled. Screen shots of postings will be printed each time a position is open. When additional student needs arise throughout the year multiple agencies are also contacted by phone or email by the Director and Assistant Director of Special Education. We will keep a phone log and print off emails as proof of contact.

Anticipated Completion Date: July 2022

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/>.