

**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, 2019 to June 30, 2021



**FILED**  
06/23/2022



## 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 the 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.....	15-28
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	30
Corrective Action Plan .....	31-36
Other Reports.....	37

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mark D. Snyder	07-01-19 to 06-30-22
Superintendent of Schools	Dr. Philip G. Downs (Vacant) Dr. Park D. Ginder	07-01-19 to 05-05-21 05-06-21 to 06-30-21 07-01-21 to 06-30-22
President of the School Board	Meagan K. Milne Thomas F. Rhoades Bradley Mills	07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-22



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  
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, 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 23, 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 Southwest Allen County'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 23, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the 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 its major federal program for the period of July 1, 2019 to June 30, 2021. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the 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 THE 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 2021-002 and 2021-004 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 Child Nutrition Cluster regarding Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). 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, 2019 to June 30, 2021.

***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 2021-003 and 2021-005. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 THE 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 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006, 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, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 23, 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 23, 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 SOUTHWEST ALLEN COUNTY  
 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2019-20	\$ -	\$ 56,185	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-20	-	49,892	-	-
School Breakfast Program							
Total - School Breakfast Program				-	106,077	-	-
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2019-20	-	613,565	-	-
Commodities				-	178,651	-	228,680
Subtotal - National School Lunch Program				-	792,216	-	228,680
COVID-19 - National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2019-20	-	133,714	-	-
Total - National School Lunch Program				-	925,930	-	228,680
COVID-19 - Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559	FY 2020-21	-	-	-	2,613,394
Total - Child Nutrition Cluster				-	1,032,007	-	2,842,074
Total - Department of Agriculture				-	1,032,007	-	2,842,074
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Cluster (IDEA)			18611-052-PN01	-	5,473	-	-
Special Education Cluster (IDEA)			19611-052-PN01	-	171,868	-	2,474
Special Education Cluster (IDEA)			20611-050-PN01	-	988,631	-	478,688
Special Education Cluster (IDEA)			21611-050-PN01	-	-	-	1,223,823

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY  
 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
	Indiana State University	84.027					
Special Education Cluster (IDEA)			FY 2018-19	-	41,886	-	-
Special Education Cluster (IDEA)			FY 2019-20	-	81,687	-	41,781
Special Education Cluster (IDEA)			FY 2020-21	-	-	-	83,199
Total - Special Education Grant to States				-	1,289,545	-	1,829,965
	Indiana Department of Education	84.173					
Special Education Preschool Grants							
Special Education Preschool Grant			18619-052-PN01	-	68	-	-
Special Education Preschool Grant			19619-052-PN01	-	480	-	-
Special Education Preschool Grant			20619-050-PN01	-	33,593	-	810
Special Education Preschool Grant			21619-050-PN01	-	-	-	34,703
Total - Special Education Preschool Grants				-	34,141	-	35,513
Total - Special Education Cluster (IDEA)				-	1,323,686	-	1,865,478
	Indiana Department of Education	84.010					
Title I Grants to Local Educational Agencies							
Title I Grants to Local Educational Agencies			FY 2018-19	-	12,698	-	-
Title I Grants to Local Educational Agencies			FY 2019-20	-	376,496	-	22,835
Title I Grants to Local Educational Agencies			FY 2020-21	-	-	-	271,475
Total - Title I Grants to Local Educational Agencies				-	389,194	-	294,310
Career and Technical Education - Basic Grants to States	Fort Wayne Community Schools	84.048					
			21-0512-0235	-	37,113	-	53,677
English Language Acquisition State Grants	West Noble School Corporation	84.365					
Title III Improving Teacher Quality 2018-2019			01118-209-PN01	-	6,982	-	-
	Indiana Department of Education	84.365					
Title III Improving Teacher Quality 2019-2020			01119-002-PN01	-	4,215	-	7,781
Title III Improving Teacher Quality 2020-2021			01120-002-PN01	-	2,943	-	7,214
Total - English Language Acquisition State Grants				-	14,140	-	14,995

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY  
 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
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Improving Teacher Quality 2018-19			S367A180013	-	115,239	-	-
Title II Improving Teacher Quality 2019-20			S367A190013	-	639	-	120,571
Title II Improving Teacher Quality 2020-21			S367A200013	-	-	-	83,740
Total - Supporting Effective Instruction State Grants				-	115,878	-	204,311
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 2019-2020			S424A180015	-	2,643	-	770
Title IV 2020-2021			S424A190015	-	12,504	-	9,313
Total - Student Support and Academic Enrichment Program				-	15,147	-	10,083
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
Governor's Emergency Education Relief Fund (GEER)		84.425C	S425C200018	-	-	-	10,154
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	-	-	358,207
Total - COVID-19 - Education Stabilization Fund				-	-	-	368,361
Total - Department of Education				-	1,895,158	-	2,811,215
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Family and Social Services Administration	93.778					
Individualized Education Program (IEP)			FY 2019-20	-	25,094	-	-
Individualized Education Program (IEP)			FY 2020-21	-	-	-	35,796
Total - Medical Assistance Program				-	25,094	-	35,796
Total - Medicaid Cluster				-	25,094	-	35,796
Total - Department of Health and Human Services				-	25,094	-	35,796
Total federal awards expended				\$ -	\$ 2,952,259	\$ -	\$ 5,689,085

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, 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 Education Agencies to receive GEER I funding from the Education Stabilization Fund through the Indiana Department of Education. East Allen County Schools served as the fiscal agent for the award and expended award funds for equipment, supplies, and services on behalf of all participants. The School Corporation received equipment, supplies, and services as a result of the awarded grant in the amount of \$10,154. As a result, 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 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2021-001**

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

*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 into 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.

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

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The School Breakfast Program expenditures were overstated by \$247,847 for fiscal year 2020-2021.
2. The National School Lunch Program expenditures were overstated by \$1,924,923 for 2020-2021.
3. The Summer Food Service Program for Children expenditures were understated by \$2,613,394 for 2020-2021.
4. Commodities for 2019-2020 and 2020-2021, in the amounts of \$36,287 and \$248,327, respectively, were incorrectly reported as Passed Through to Subrecipients. In addition, Commodities were understated by \$142,364 for 2019-2020, and overstated by \$19,647 for 2020-2021.
5. Other errors included incorrect or missing assistance listings numbers, program names and identifying numbers, direct grant names, and federal grantor agency names.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*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:

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

- (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; . . ."

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."

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

*Cause*

Management had not established a 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 included the errors identified in the *Condition and Context*.

*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: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-20, FY 2020-21  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Allowable Costs/Cost Principles, Program Income  
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 Allowable Costs/Cost Principles and Program Income compliance requirements.

Documentation supporting the employee time charged to the Child Nutrition Cluster programs for custodians was not properly maintained. Each employee had a specific number of hours per pay period charged to Fund 800, the School Lunch Fund, without documentation of actual hours worked on the program. Each custodian had a varying number of hours billed to the program based on their title and location. The same number of hours, per employee title and location, were used each pay period. Fringe benefits that were directly associated with the payroll were also paid. The total amount paid from the program to the custodians was \$160,774. These costs were considered questioned costs.

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:

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY  
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). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for documentation of Personnel Expenses

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
  - (i) Be supported by a system of internal control which provides reasonable assurance the charges are accurate, allowable, and properly allocated;
  - (ii) Be incorporated into the official records of the non-Federal entity;
  - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
  - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

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

(1)

(ii) In accordance with the financial management system established under § 220.13(i) of this part, use all revenues received by such food service only for the operation or improvement of that food service . . ."

7 CFR 210.14(a) states in part:

*"Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. . . ."

7 CFR 225.15(a)(1) states: "Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles and the Program Income compliance requirements.

*Effect*

The failure to establish an effective internal control system, as well as adequately document costs of federal awards, prohibited the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles and the Program Income compliance requirements.

*Questioned Costs*

Known questioned costs of \$160,774 were identified as detailed in the *Condition and Context*.

*Recommendation*

We recommended that the School Corporation's management establish internal controls, retain adequate supporting documentation, and comply with the grant agreement and the Allowable Costs/Cost Principles and the Program Income compliance requirements.

*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 2021-003**

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,  
National School Lunch Program, COVID-19 - National School Lunch  
Program, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): FY 2020-2021  
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 system of internal control 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 was a member of the Region 8 Educational Service Center (Service Center). The Service Center completed the Procurement and Suspension and Debarment compliance requirement on behalf of the School Corporation. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The bids for bread and milk were originally awarded for fiscal year 2018-2019 and were renewed for 2020-2021. The Service Center could not provide documentation that procedures were performed to verify the vendors were not suspended or debarred from participation in federal programs prior to entering into covered transactions with these vendors.

The lack of internal controls and noncompliance were isolated to 2020-2021.

*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 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:

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

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

*Cause*

Management of the School Corporation had not developed a 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 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 2021-004**

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National  
School Lunch Program, COVID-19 - National School Lunch Program

Assistance Listings Numbers: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2019-20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of  
Free and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Modified Opinion

*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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

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

The School Food Authority (SFA) Verification Collection Report for fiscal year 2019-2020 indicated that seven applications were verified. However, documents submitted by the household for the purpose of confirming eligibility, were not available for audit. We were unable to determine if ineligible students received program benefits.

The lack of internal controls and noncompliance were isolated to 2019-2020.

*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 245.6a(h) states in part:

". . . All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. . . ."

*Cause*

The School Corporation had not developed a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish an effective internal control system, as well as retain documentation, prohibited the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control, retain adequate supporting documentation, and comply with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY  
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.

**FINDING 2021-005**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program, COVID-19 - Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-20, FY 2020-21  
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 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.

*Policy*

The School Corporation did not have a procurement policy in place to comply with the procurement standards identified in §§ 200.317 through 200.327.

*Conflict of Interest*

The School Corporation did not have written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts.

*Procurement Methods*

The School Corporation did not maintain a record to detail the history of procurements. For micro-purchases less than \$10,000, the School Corporation did not document how the price was determined to be reasonable. Additionally, for small purchases of \$10,000 to \$150,000, the School Corporation did not obtain price or rate quotations from an adequate number of qualified sources.

*Suspension and Debarment*

The School Corporation did not have procedures in place to verify that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs.

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

METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY  
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). . . ."

2 CFR 200.318(c)(1) states:

"The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity."

2 CFR 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327"

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 have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

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

(a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(1) Micro-purchases – . . .

(ii) *Micro-purchase awards.* Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.  
. . .

(2) Small purchases –

(i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. . . ."

2 CFR 180.300 states:

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

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

*Cause*

Management had not developed a system of internal control 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 with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. Noncompliance 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.

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

*Recommendation*

We recommended that the School Corporation's management establish a system of internal control related to 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 2021-006**

Subject: Child Nutrition Cluster - Program Income - Recording  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program  
Assistance Listings Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2019-20, FY 2020-2021  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Finding: Material Weakness

*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 recording requirements of the Program Income compliance requirement.

The Food Service Director recorded program income without oversight or a review process in place to ensure compliance.

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over 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 had not developed a system of internal control that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

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

*Effect*

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Program Income compliance requirement could result 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 over the grant agreement and the recording requirements of the Program Income compliance requirement.

*Views of Responsible Officials*

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

#### 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 Audit Findings

### **Finding 2019-001 – Child Nutrition Cluster – Cash Management**

**Fiscal Year in which the finding originally occurred: 7/1/13 to 6/30/15**

**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:**

Each month the Food Service Director will reconcile for the previous month and send a cash balance report, an AS400 reconciliation report and bank statement to the Deputy Treasurer and Director of Business for review. Required reports are then loaded and available in Gateway. The Deputy Treasurer will input revenues, expenditures, and cash balances into a spreadsheet to monitor the cash balance to ensure the balance is at most 3 months of operating expenditures as calculated, then the Deputy Treasurer and Director of Business will sign after review.

### **Finding 2019-002 – Child Nutrition Cluster – Eligibility**

**Fiscal Year in which the finding originally occurred: 7/1/17 to 6/30/19**

**Pass-Through Entity: Indiana Department of Education**

**Contact Person Responsible for Corrective Action: Brant Brown**

**Contact Phone Number: 260-431-2282**

#### **Status of Audit Finding:**

The free and reduced application filled out by guardians is collected and input into the food service software program. Once input, the information is compared to the original application, the Assistant Food Service Director fills out the Eligibility Determination section, signs the document, and the information is given to the Food Service Director. The Food Service Director reviews and final determination is verified and signed.

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Mark Snyder ♦ Business Manager  
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## Corrective Action Plan

Finding 2021-001

Contact Person Responsible for Corrective Action: Ashlee Shroyer, Mark Snyder  
Contact Phone Number: 260-431-2082, 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

The information for the food service portion of SEFA originates from the food service AFR. The Director of Food Service will print out Point of Sales reports and detailed Financial Reports to complete the food service AFR. Prior to submitting all the information will be given to the Deputy Treasure for review and verification. Both the Director of Food Service and the Deputy Treasurer will sign a verification page. The final report, ledgers/supporting documentation, and verification page will all be filed. This will ensure the food service information for the SEFA is accurate.

Prior to submission of the Financial AFR in Gateway, the Director of Business will verify all numbers with reports from the financial software given by the Deputy Treasurer. Once those numbers are verified, both the Director of Business and the Deputy Treasurer will sign a verification page certifying the receipts and expenditures are accurate and complete. The Director of Business will do the final submission in Gateway. The final report, ledgers/supporting documentation, and verification page will all be filed.

Anticipated Completion Date: Immediately

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## Corrective Action Plan

Finding 2021-002

Contact Person Responsible for Corrective Action: Mark Snyder  
Contact Phone Number: 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

Custodial staff assigned to work in the cafeteria will begin clocking in for the time in which they are working in the cafeteria and will clock out when finished. The time the custodians spend on regular custodial duties outside of the cafeteria will be approved by their custodial supervisor and the time spent in the cafeteria will be approved by the Director of Food Services.

Anticipated Completion Date: 7/1/22

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## Corrective Action Plan

Finding 2021-003

Contact Person Responsible for Corrective Action: Director of Food Services  
Contact Phone Number: 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

The Director of Food Services will request from Region 8 documentation stating the vendors in which they intend to do business with has not been excluded or disqualified. The provided documentation will be reviewed by the Director of Food Services and the Assistant to the Director of Food Services or other school official, then signed and retained.

Anticipated Completion Date: Immediately

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## Corrective Action Plan

Finding 2021-004

Contact Person Responsible for Corrective Action: Director of Food Services  
Contact Phone Number: 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

The free and reduced application is filled out by guardians and submitted online. The Assistant to the Director of Food Services pulls this information and inputs the information into the food service software program. Once the data is input and eligibility is determined, a printout of each student's information that was input into the food service software program will be given to the Director of Food Service to review for accuracy and completeness. The original application and the printout from the food service software program will be signed by both and kept for review.

Once it is determined which applications must be verified, a pull will be performed according to IDOE guidelines. All supporting documentation provided by parents will be reviewed by the Director of Food Services and the Assistant to the Director of Food Services. Both will sign the form and retain the supporting documentation.

Anticipated Completion Date: Immediately

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## Corrective Action Plan

Finding 2021-005

Contact Person Responsible for Corrective Action: Director of Food Services/Director of Business  
Contact Phone Number: 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

Policy - The school board will adopt a procurement policy to comply with procurement standards.

Conflict of Interest – The school Corporation will develop written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts.

Procurement Methods – The Director of Food Services will maintain records of the history of procurements to ensure Micro-purchases (less than \$10,000) prices are reasonable and small purchases between \$10,000 and \$150,000 a rate quotation is obtained from an adequate number of qualified sources.

Suspension and Debarment - The Director of Food Services will ensure the vendor in which they intend to do business with has not been excluded or disqualified. They will do this by checking SAMS for exclusions, collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor. Written documentation that shows the vendor is clear of suspension and debarment will be signed by both the Director of Food Services and the Assistant to the Director of Food Services or other school official.

Anticipated Completion Date: Immediately

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## Corrective Action Plan

Finding 2021-006

Contact Person Responsible for Corrective Action: Director of Food Services/ Director of Business

Contact Phone Number: 260-431-2282, 260-431-2030

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan:

The Director of Food Services will reconcile monthly all receipts and expenditures within the financial software, food service software, and the bank statement.

This reconciliation includes the necessary transfers/expenditures from the 8400 Prepaid Fund to receipting the income earned into 0800. Monthly reconciliations along with necessary supporting documentation, including the “cafeteria rollup” will be sent to the Deputy Treasurer for review, verifying that all receipts and expenditures in 0800 and 8400 are accurate prior to uploading to Gateway. Both the Director of Food Services and the Deputy Treasurer will sign the monthly reconciliation page. All documents will be sent back to the Director of Food Services and retained.

Anticipated Completion Date: Immediately

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

## 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/>.