

Warren Consolidated Schools

**Federal Awards
Supplemental Information
June 30, 2016**

Warren Consolidated Schools

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

Independent Auditor's Report

To the Board of Education
Warren Consolidated Schools

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Warren Consolidated Schools (the "School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 18, 2016, which contained an unmodified opinion on the basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 18, 2016.

The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis as required by the Uniform Guidance, and are not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 18, 2016

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Warren Consolidated Schools

We have audited, in accordance with the 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 statements of the governmental activities, the major funds, and the aggregate remaining fund information of Warren Consolidated Schools (the "School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren Consolidated Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (Finding 2016-001).

To Management and the Board of Education
Warren Consolidated Schools

Compliance and Other Matters

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

Warren Consolidated Schools's Response to Findings

Warren Consolidated Schools' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Warren Consolidated Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

October 18, 2016

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance
Independent Auditor's Report

To the Board of Education
Warren Consolidated Schools

Report on Compliance for Each Major Federal Program

We have audited Warren Consolidated Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Warren Consolidated Schools' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren Consolidated Schools' 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* (the "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 Warren Consolidated Schools' 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 Warren Consolidated Schools' compliance.

To the Board of Education
Warren Consolidated Schools

Opinion on Each Major Federal Program

In our opinion, Warren Consolidated Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Warren Consolidated Schools 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 Warren Consolidated Schools' 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 an 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 District'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 a 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 a 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003, that we consider to be significant deficiencies.

Warren Consolidated Schools' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Warren Consolidated Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the Board of Education
Warren Consolidated Schools

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.

Plante & Moran, PLLC

October 18, 2016

Warren Consolidated Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memorandum Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Total Amount Provided to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Noncash assistance:										
National School Lunch Program Entitlement commodities	N/A	10.555	\$ 481,448	\$ -	\$ -	\$ -	\$ 481,448	\$ 481,448	\$ -	\$ -
Cash assistance:										
National School Lunch Program 2014-15	151960/151980	10.555	3,201,369	3,201,369	171,421	-	171,421	-	-	-
National School Lunch Program 2015-16	161960/161980	10.555	<u>3,305,129</u>	-	-	-	<u>3,095,259</u>	<u>3,305,129</u>	<u>209,870</u>	-
Total National School Lunch Program (incl. commodities)			6,987,946	3,201,369	171,421	-	3,748,128	3,786,577	209,870	-
National School Breakfast Program 2014-15	151970	10.553	847,176	847,176	46,628	-	46,628	-	-	-
National School Breakfast Program 2015-16	161970	10.553	<u>892,845</u>	-	-	-	<u>832,179</u>	<u>892,845</u>	<u>60,666</u>	-
Total National School Breakfast Program			1,740,021	847,176	46,628	-	878,807	892,845	60,666	-
Summer Food Service Program 2014-15	150900/151900	10.559	202,764	202,764	39,589	-	39,589	-	-	-
Summer Food Service Program 2015-16	160900/161900	10.559	<u>189,936</u>	-	-	-	<u>167,637</u>	<u>189,936</u>	<u>22,299</u>	-
Total Summer Food Service Program			<u>392,700</u>	<u>202,764</u>	<u>39,589</u>	-	<u>207,226</u>	<u>189,936</u>	<u>22,299</u>	-
Total Child Nutrition Cluster			9,120,667	4,251,309	257,638	-	4,834,161	4,869,358	292,835	-
Special Education Cluster - U.S. Department of Education - Passed through the Macomb County ISD - IDEA:										
IDEA Flowthrough 1415	150450-1415	84.027	2,217,839	2,217,839	439,024	-	439,024	-	-	-
IDEA Flowthrough 1516	160450-1516	84.027	<u>2,242,572</u>	-	-	-	<u>1,480,509</u>	<u>2,242,572</u>	<u>762,063</u>	-
Total IDEA Flowthrough			4,460,411	2,217,839	439,024	-	1,919,533	2,242,572	762,063	-
Handicapped Preschool Incentive:										
IDEA Preschool 1415	150460-1415	84.173	57,865	57,865	11,190	-	11,190	-	-	-
IDEA Preschool 1516	160460-1415	84.173	<u>70,339</u>	-	-	-	<u>45,153</u>	<u>70,339</u>	<u>25,186</u>	-
Total IDEA Preschool Incentive			<u>128,204</u>	<u>57,865</u>	<u>11,190</u>	-	<u>56,343</u>	<u>70,339</u>	<u>25,186</u>	-
Total Special Education Cluster			4,588,615	2,275,704	450,214	-	1,975,876	2,312,911	787,249	-
WIA Cluster - U.S. Department of Labor - Passed through the Macomb County ISD - WIA Youth Education Instructional Initiatives:										
Project - Macomb/St. Clair Workforce Development Board 2014-15	NA	17.259	33,997	28,526	4,291	-	4,291	-	-	-

Warren Consolidated Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memorandum Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Total Amount Provided to Subrecipients
Other federal awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Child and Adult Care Food Service Program 2014-15	151920/152010	10.558	\$ 81,258	\$ 81,258	\$ 1,586	\$ -	\$ 1,586	\$ -	\$ -	\$ -
Child and Adult Care Food Service Program 2015-16	161920/162010	10.558	95,747	-	-	-	93,775	95,747	1,972	-
Total Child and Adult Care Food Service Program			177,005	81,258	1,586	-	95,361	95,747	1,972	-
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 1415	151530	84.010	3,455,613	3,138,179	487,044	-	496,320	9,276	-	-
Title I Part A 1516	161530	84.010	3,777,074	-	-	-	2,046,789	2,931,062	884,273	-
Total Title I			7,232,687	3,138,179	487,044	-	2,543,109	2,940,338	884,273	-
Title II Part A - Improving Teacher Quality:										
Title II Part A 1415	150520	84.367	423,598	385,989	61,886	-	63,131	1,245	-	-
Title II Part A 1516	160520	84.367	396,519	-	-	-	250,111	376,229	126,118	-
Total Title II - Improving Teacher Quality			820,117	385,989	61,886	-	313,242	377,474	126,118	-
Title III - Limited English Proficient Students Grant:										
Title III - Limited English Proficient Students 1415	150580	84.365	490,228	330,367	85,914	-	86,544	630	-	-
Title III - Limited English Proficient Students 1516	160580	84.365	511,794	-	-	-	119,636	410,334	290,698	-
Total Title III - Limited English Proficient Students Grant			1,002,022	330,367	85,914	-	206,180	410,964	290,698	-
Title III - Immigrant Students Grant:										
Title III - Immigrant Students 1011	110570	84.365	403,986	-	(140)	-	-	-	(140)	-
Title III - Immigrant Students 1415	150570	84.365	367,121	16,901	794	-	9,480	8,686	-	-
Title III - Immigrant Students 1516	160570	84.365	334,230	-	-	-	87,272	114,914	27,642	-
Total Title III - Immigrant Students Grant			1,105,337	16,901	654	-	96,752	123,600	27,502	-
Title III - Part A Supplemental Funds for Immigrant Students Grant:	160590	84.365B	5,190	-	-	-	-	2,143	2,143	-
Total Title III			2,112,549	347,268	86,568	-	302,932	536,707	320,343	-
Total noncluster programs passed through the Michigan Department of Education			10,342,358	3,952,694	637,084	-	3,254,644	3,950,266	1,332,706	-

Warren Consolidated Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memorandum Only) Prior Year Expenditures	Accrued (Deferred) Revenue at June 30, 2015	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2016	Total Amount Provided to Subrecipients
Other federal awards - U.S. Department of Education:										
Passed through the Macomb County ISD:										
Vocational Education - Basic Grants to States (Perkins II):										
Vocational Education 1415	153520-151216	84.048	\$ 145,769	\$ 145,769	\$ 97,044	\$ -	\$ 97,044	\$ -	\$ -	\$ -
Vocational Education 1516	163520-161216	84.048	145,769	-	-	-	95,912	130,991	35,079	-
Total Vocational Education - Basic Grants to States (Perkins II)			291,538	145,769	97,044	-	192,956	130,991	35,079	-
Adult education - ABE	161130/161198	84.002	25,000	-	-	-	2,070	19,903	17,833	-
Safe and Drug-free Schools and Communities:	082860-0708	84.186	27,614	-	(1,914)	-	-	-	(1,914)	-
Total passed through the Macomb County ISD			344,152	145,769	95,130	-	195,026	150,894	50,998	-
Direct programs - Character Education - Learning for Life	2007R21550201 05-06-0 607	84.215	713,791	-	(45,640)	-	-	-	(45,640)	-
Total federal awards			\$25,143,580	\$10,654,002	\$1,398,717	\$ -	\$10,263,998	\$11,283,429	\$2,418,148	\$ -

Warren Consolidated Schools

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 12,645,733
Less federal interest subsidy on Build America Bonds as of June 30, 2016	<u>(1,362,304)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 11,283,429</u></u>

Warren Consolidated Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Warren Consolidated Schools under programs of the federal government for the year ended June 30, 2016. The information in this Schedule 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Warren Consolidated Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Warren Consolidated Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Warren Consolidated Schools has elected not to use the 10-percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Warren Consolidated Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes No

Warren Consolidated Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

Section II - Financial Statement Audit Findings

Reference Number	Finding
2016-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - The School District's internal control structure should ensure the accrual for compensated absences properly reflects sick and vacation time earned as of year end. Additionally, the School District's internal control structure should ensure sick and vacation activity is properly tracked and accounted for throughout the year.</p> <p>Condition - The School District's accrual for compensated absences was initially overstated. Additionally, year end balances were overstated for certain employees who were on short-term disability leave during the year.</p> <p>Context - Errors were identified during testing of accrued compensated absences at June 30, 2016. A sample of six employees were selected for detailed testing of current year sick and vacation activity. Errors were identified related to the manual tracking and accounting of sick leave time for two individuals who were on short-term disability leave during the year. One of the identified errors resulted in an employee receiving pay for sick leave during the year when their bank should have been empty.</p> <p>Cause - The reported accrual for compensated absences was initially overstated due to sick and vacation time earned for the current year being accrued twice due to manual calculations. The overstatement of sick leave balances at June 30, 2016 for certain employees who were on short-term disability leave during the year was due to errors in manual calculations for sick time used during short-term disability leave.</p> <p>Effect - The accrual for compensated liabilities at June 30, 2016 was initially overstated by approximately \$300,000 in the Internal Service Fund, which resulted in an initial expense overstatement of \$300,000 in the General Fund. An adjustment was posted by management to correct this overstatement. The overstatement of sick leave balances for individuals who were on short-term disability during the year was determined to be insignificant.</p>

Warren Consolidated Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2016-001 (Cont.)	<p>Recommendation - We recommend that the School District review current procedures to include multiple verifications of data used in the calculation of accrued compensated absences. We also recommend that the School District review current procedures to include a level of review for the tracking and accounting of sick time used for individuals on short-term disability leave.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District will develop procedures to ensure that the accrual for compensated absences at year-end properly reflects balances for sick and vacation time earned. The School District will also develop procedures to ensure sick leave is properly tracked and accounted for individuals on short-term disability leave.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding
2016-002	<p>CFDA Number, Federal Agency, and Program Name - Child Nutrition Cluster; National School Breakfast Program (10.553), National School Lunch Program (10.555), Summer Food Service Program (10.559) - U.S. Department of Agriculture</p> <p>Federal Award Identification Number and Year - 161970, 161960/161980, 160900/161900 - 2015-2016</p> <p>Pass-through Entity - Michigan Department of Education</p> <p>Finding Type - Significant Deficiency</p> <p>Repeat finding - No</p> <p>Criteria - The special tests and provisions compliance requirement of the grant requires that the School District perform application verification procedures for a sample of applications that have been approved and make necessary changes to ensure proper benefits are being received. The compliance requirement provides guidelines related to the verification process.</p>

Warren Consolidated Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2016-002 (Cont.)	<p>Condition - The School District did not have a formal review process in place to adequately ensure proper verification of applications selected for testing and did not have controls in place to ensure benefits were properly changed as a result of the verification procedures.</p> <p>Questioned Costs - Less than \$25,000</p> <p>Identification of How Questioned Costs Were Computed - The questioned costs were determined by totaling the aid received by students who received improper benefits as a result of their applications being improperly verified by the School District.</p> <p>Context - The School District was required to verify 67 applications. Of the 67 applications, two were verified as reduced that should have been free based on income information submitted, and one was verified as reduced that should have been full pay as supporting income information was not submitted.</p> <p>Cause and Effect - The current process is that one person completes the verification process with no secondary review being performed. As a result, the necessary changes in benefits were not made by the School District.</p> <p>Recommendation - The School District should implement a system whereby all applications verified are initially approved by one individual and then a second individual would review the eligibility determination made, for appropriateness, with all conclusions documented on the application to support any determinations and subsequent changes, if any.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District agrees that a second individual should be involved in the verification process to perform review, and that written documentation should be maintained to demonstrate review of the application and input process. Written documentation and training for staff involved in the verification process has been completed. The secondary review process will be implemented with the October 1st - November 15th, 2016 verifications.</p>

Warren Consolidated Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings (Continued)

Reference

Number

Finding

2016-003 **CFDA Number, Federal Agency, and Program Name** - Summer Food Service Program (10.559) - U.S. Department of Agriculture

Federal Award Identification Number and Year - 160900/161900 - 2015-2016

Pass-through Entity - Michigan Department of Education

Finding Type - Significant Deficiency

Repeat finding - No

Criteria - The grant requires the School District to complete certain data forms for all sites, conduct monitoring reviews for all sites within a specified time period, provide training to staff involved in the program, perform meal counts at the point of service and retain proper documentation and reconciliations for meals claimed, and update the online application for changes in dates of operations for sites.

Condition - The School District did not have proper controls in place to ensure the requirements of the Summer Food Service Program were met.

Questioned Costs - None

Identification of How Questioned Costs were Computed - Michigan Department of Education Administrative Review Report did not indicate there were questioned costs.

Context - The Michigan Department of Education performed an Administrative Review of the Summer Food Service Program in August 2015 and July 2016. The School District had 24 sites in 2015 and 12 in 2016 as part of the Summer Food Service Program. As documented within the MDE's 2015 Administrative Review Report, the School District did not complete the beneficiary data form for four sites, did not perform monitoring reviews for seven sites, did not provide training to certain staff as required, had issues with meal count records for five sites, and did not update the online application as required. There were no findings during the MDE's review performed in July 2016.

Warren Consolidated Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2016-003 (Cont.)	<p>Cause and Effect - The School District did not have the proper controls in place to verify training and reporting requirements were completed for the Summer Food Service Program in 2015.</p> <p>Recommendation - The School District should review staffing requirements for summer sites and should implement a management plan to ensure that all requirements of the Summer Food Service Program are met.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District agrees that a management plan should be used to ensure the requirements of the Summer Food Service Program are met and that staffing should be adjusted based on the number of sites during the summer. Management implemented these controls for the 2016 Summer Food Service Program, which is evidenced by the fact that there were no findings by the MDE during their review in July 2016.</p>