

**Hamtramck Public Schools**

**Single Audit**

**June 30, 2023**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

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# 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 Auditors' Report

Management and the Board of Education  
Hamtramck Public Schools  
Hamtramck, MI

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, each major fund, and the aggregate remaining fund information of Hamtramck Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hamtramck Public Schools' basic financial statements, and have issued our report thereon dated April 11, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamtramck Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hamtramck Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Hamtramck Public Schools' 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamtramck Public 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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-002.

## Hamtramck Public Schools' Response to Findings and Corrective Action Plan

*Government Auditing Standards* requires the auditor to perform limited procedures on Hamtramck Public Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Hamtramck Public Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Hamtramck Public Schools is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. Hamtramck Public Schools' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Auburn Hills, MI  
April 11, 2024

# Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

## Independent Auditors' Report

Management and the Board of Education  
Hamtramck Public Schools  
Hamtramck, MI

### Report on Compliance for Each Major Federal Program

#### Qualified Opinions

We have audited Hamtramck Public Schools' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hamtramck Public Schools' major federal programs for the year ended June 30, 2023. Hamtramck Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Qualified Opinion on Title I Grants to Local Educational Agencies and Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, Hamtramck Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund and Title I Grants to Local Educational Agencies programs for the year ended June 30, 2023.

#### Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hamtramck Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hamtramck Public Schools' compliance with the compliance requirements referred to above.

#### Matters Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies and Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, Hamtramck Public Schools did not comply with requirements regarding Title I Grants to Local Educational Agencies, AL #84.010 as described in finding numbers 2023-004 for Allowability and 2023-005 for Eligibility, Earmarking, and Special Tests. And Hamtramck Public Schools did not comply with requirements regarding Education Stabilization Fund AL #84.425D and 84.425U in finding number 2023-003 for Allowability and 2023-006 for Cash Management. Compliance with such requirements is necessary, in our opinion, for Hamtramck Public Schools to comply with the requirements applicable to that program.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hamtramck Public Schools' federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion Hamtramck Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hamtramck Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hamtramck Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hamtramck Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Hamtramck Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Government Auditing Standards* requires the auditor to perform limited procedures on Hamtramck Public Schools' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Hamtramck Public Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Hamtramck Public Schools is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. Hamtramck Public Schools' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiency deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003, 2023-004, 2023-005, and 2023-006 to be material weaknesses.

*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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Hamtramck Public Schools' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Hamtramck Public Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Hamtramck Public Schools is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. Hamtramck Public Schools' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamtramck Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Hamtramck Public Schools' basic financial statements. We issued our report thereon dated April 11, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 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 basic 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 basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

*Yeo & Yeo, P.C.*

Auburn Hills, MI  
April 11, 2024

**Hamtramck Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

	Grant/ Project Number	Federal AL Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/In Kind Received	Adjustments	Accrued (Unearned) Revenue at June 30, 2023
<b>U.S. Department of Agriculture</b>									
Passed Through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance									
National School Lunch Program									
Entitlement Commodities 2022-2023	N/A	10.555	\$ 147,294	\$ -	\$ -	\$ 147,294	\$ 147,294	\$ -	\$ -
Bonus Commodities 2022-2023	N/A	10.555	31,471	-	-	31,471	31,471	-	-
Total Non-Cash Assistance				<u>-</u>	<u>-</u>	<u>178,765</u>	<u>178,765</u>	<u>-</u>	<u>-</u>
Cash Assistance									
National School Breakfast Program									
School Breakfast Program 2022-2023	231970	10.553	637,652	-	-	637,652	594,152	-	43,500
School Breakfast Program 2021-2022	221970	10.553	614,060	39,010	544,122	69,938	108,948	-	-
Total National School Breakfast Program				<u>39,010</u>	<u>544,122</u>	<u>707,590</u>	<u>703,100</u>	<u>-</u>	<u>43,500</u>
National School Lunch Program									
Supply Chain Assistance 2022-2023	230910	10.555	31,979	-	-	31,979	31,979	-	-
School Lunch Program 2022-2023	231960	10.555	1,316,716	-	-	1,316,716	1,252,702	-	64,014
Supply Chain Assistance 2021-2022	220910	10.555	63,205	-	-	63,205	63,205	-	-
School Lunch Program 2021-2022	221960	10.555	1,387,372	62,321	1,214,438	172,934	235,255	-	-
Total National School Lunch Program				<u>62,321</u>	<u>1,214,438</u>	<u>1,584,834</u>	<u>1,583,141</u>	<u>-</u>	<u>64,014</u>
Summer Food Service Program for Children									
Summer Food Service Program for Children 2022-2023	220900	10.559	310,579	-	-	310,579	316,932	16,928	10,575
COVID-19 SFSP Operating 2021-2022	210904	10.559	-	16,928	-	-	-	(16,928)	-
Total Summer Food Service Program for Children				<u>16,928</u>	<u>-</u>	<u>310,579</u>	<u>316,932</u>	<u>-</u>	<u>10,575</u>
Total Child Nutrition Cluster				<u>118,259</u>	<u>1,758,560</u>	<u>2,781,768</u>	<u>2,781,938</u>	<u>-</u>	<u>118,089</u>
Child and Adult Care Food Program									
CACFP	232010	10.558	901	-	-	901	901	-	-
CACFP	231920	10.558	16,984	-	-	16,984	16,984	-	-
CACFP Meals	221010	10.558	5,881	17	5,816	65	82	-	-
CACFP Meals	221920	10.558	100,696	350	99,365	1,331	1,681	-	-
Total Child and Adult Care Food Program				<u>367</u>	<u>105,181</u>	<u>19,281</u>	<u>19,648</u>	<u>-</u>	<u>-</u>
Child Nutrition National School Breakfast Program Expansion Grant									
Breakfast Expansion	221995	10.579	10,000	-	-	10,000	10,000	-	-
Fresh Fruit and Vegetable Program	230950	10.582	98,850	-	-	98,850	73,940	-	24,910
Pandemic EBT Local Level Costs	220980	10.649	3,135	-	-	3,135	3,135	-	-
Total U.S. Department of Agriculture				<u>118,626</u>	<u>1,863,741</u>	<u>2,913,034</u>	<u>2,888,661</u>	<u>-</u>	<u>142,999</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Hamtramck Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

	Grant/ Project Number	Federal AL Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/In Kind Received	Adjustments	Accrued (Unearned) Revenue at June 30, 2023
<b>U.S. Department of Education</b>									
Passed Through Wayne County Regional Educational Service Agency									
Special Education Cluster - Grants to States									
Project Number: 220450									
	220450	84.027	\$ 506,122	\$ 106,320	\$ 506,122	\$ 2,707	\$ 106,320	\$ -	\$ 2,707
Passed Through Michigan Department of Education									
Federal Adult Ed English Literacy Civics									
Project Number: 231130									
	231130	84.002	246,994	-	-	246,994	-	-	246,994
Project Number: 221130									
	221130	84.002	241,819	103,388	141,630	-	103,388	-	-
Total Federal Adult Ed English Literacy Civics									
				103,388	141,630	246,994	103,388	-	246,994
Passed Through Michigan Department of Education									
Title I Grants to Local Educational Agencies									
Part A Imp Basic Programs 231530									
	231530	84.010	6,278,669	-	-	2,751,069	2,247,560	-	503,509
Part A Imp Basic Programs 221530									
	221530	84.010	5,500,029	1,238,331	2,783,282	931,049	2,169,380	-	-
Total Title I Grants to Local Educational Agencies									
				1,238,331	2,783,282	3,682,118	4,416,940	-	503,509
Passed Through Wayne County Regional Educational Service Agency									
Career and Technical Education - Basic Grants to States									
Project Number: 231225									
	231225	84.048	74,891	-	-	44,682	31,779	-	12,903
Project Number: 221225									
	221225	84.048	56,007	12,973	29,945	-	12,973	-	-
Total Career and Technical Education - Basic Grants to States									
				12,973	29,945	44,682	44,752	-	12,903
Passed Through Michigan Department of Education									
Title III - Immigrant Students									
Project Number: 230570									
	230570	84.365	179,683	-	-	85,720	84,757	-	963
Project Number: 230580									
	230580	84.365	370,235	-	-	120,518	115,325	-	5,193
Project Number: 220570									
	220570	84.365	213,981	49,792	97,030	61,607	111,399	-	-
Project Number: 220580									
	220580	84.365	332,007	55,980	128,118	82,061	138,041	-	-
Total Title III - Limited English Proficient Students									
				105,772	225,148	349,906	449,522	-	6,156
Title II - Improving Teacher Quality State Grants									
Project Number: 230520									
	230520	84.367	552,345	-	-	232,413	212,320	-	20,093
Project Number: 220520									
	220520	84.367	565,622	71,977	337,121	55,428	127,405	-	-
Total Improving Teacher Quality State Grants									
				71,977	337,121	287,841	339,725	-	20,093
Title IV - Student Support & Academic Enrichment									
Project Number: 230750									
	230750	84.424	645,613	-	-	222,529	186,730	-	35,799
Project Number: 220750									
	220750	84.424	610,517	193,362	233,616	63,871	257,233	-	-
Total Title IV - Student Support & Academic Education									
				193,362	233,616	286,400	443,963	-	35,799

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Hamtramck Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

	Grant/ Project Number	Federal AL Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue at July 1, 2022	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/In Kind Received	Adjustments	Accrued (Unearned) Revenue at June 30, 2023
<b>U.S. Department of Education (continued)</b>									
Passed Through Michigan Department of Education									
Education Stabilization Fund									
COVID-19 GEER	201200	84.425C	462,538	\$ 26,000	\$ 26,000	\$ 265,970	\$ 291,970	\$ -	\$ -
COVID-19 ESSER II Formula	213712	84.425D	15,687,587	-	-	13,041,442	984,177	-	12,057,265
COVID-19 ESSER Equity	203720	84.425D	570,863	-	173,066	397,615	397,615	-	-
COVID-19 ESSER II Benchmark	213762	84.425D	24,175	24,175	24,175	-	24,175	-	-
				<u>24,175</u>	<u>197,241</u>	<u>13,439,057</u>	<u>1,405,967</u>	<u>-</u>	<u>12,057,265</u>
COVID-19 ESSER III Formula	213713	84.425U	10,381,121	-	890,588	2,992,718	7,948,161	-	(4,955,443)
Total Education Stabilization Fund				<u>50,175</u>	<u>1,113,829</u>	<u>16,697,745</u>	<u>9,646,098</u>	<u>-</u>	<u>7,101,822</u>
Total U.S. Department of Education				<u>1,882,298</u>	<u>5,370,693</u>	<u>21,598,393</u>	<u>15,550,708</u>	<u>-</u>	<u>7,929,983</u>
<b>U.S. Department of Health and Human Services</b>									
Passed Through Wayne County Regional Educational Service Agency									
Medicaid Cluster									
Medical Assistance Program 2022-23	N/A	93.778	12,248	-	-	12,248	9,475	-	2,773
<b>Total Expenditures of Federal Awards</b>				<u>\$ 2,000,924</u>	<u>\$ 7,234,434</u>	<u>\$ 24,523,675</u>	<u>\$ 18,448,844</u>	<u>\$ -</u>	<u>\$ 8,075,755</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Hamtramck Public Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hamtramck Public Schools (the School District) under programs of the federal government for the year ended June 30, 2023. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in fund balance or net position of the School District.

**Note 2 - Summary of Significant Accounting Policies**

**Expenditures**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Indirect Cost Rate**

The School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - Reconciliation to the Financial Statements**

The federal revenues per the financial statements reconcile the schedule of expenditures of federal awards as follows:

Expenditures per SEFA	\$ 24,523,675
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Amounts reported on the current year SEFA that did not meet the District's revenue recognition requirements and were therefore deferred in the fund statements:

Fresh Fruit and Vegetable Program	(14,539)
Federal Adult Ed English Literacy Civics	(246,994)
Career and Technical Education - Basic Grants to States	(12,903)
Title I	(503,509)
Title II	(20,093)
Title III	(6,157)
Title IV	(35,799)
ESSER II	(1,358,486)

Amounts reported on the prior year SEFA that did not meet the District's revenue recognition requirements and were therefore deferred in the fund statements in the prior year and recorded in the fund statements in the current year:

Title I	279,669
Title II	33,714
Title III	22,513
Title IV	23,362
GEER	26,000

Total revenues reported on the District's fund statements	<u><u>\$ 22,710,453</u></u>
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**Hamtramck Public Schools**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

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**Note 4 - Subrecipients**

The School District did not transfer any federal funds to subrecipients during the year.

**Note 5 - Adjustments**

An adjustment to the schedule of expenditures of federal awards of \$16,928 was made between grants 220900 Summer Food Service program for Children and 210904 COVID-19 Summer Food Service Program (AL #10.559) for expenditures that had been included under the wrong grant number on the 2022 SEFA.

**Note 6 - Michigan Department of Education Disclosures**

The federal amounts reported on the grant auditor report are in agreement with the schedule of expenditures of federal awards, except for the grants that reconcile due to timing differences:

<u>CFDA</u>	<u>Grant</u>	<u>Per GAR</u>	<u>Per SEFA</u>	<u>Difference</u>
84.002	221130	28,158	103,388	(75,230)
84.365	220570	91,739	111,399	(19,660)
84.365	220580	107,861	138,041	(30,180)
84.424	220750	111,387	257,233	(145,846)
84.425D	213762	-	24,175	(24,175)
84.425C	201200	-	291,970	(291,970)
84.425D	203720	-	397,615	(397,615)

The amounts reported on the recipient entitlement balance report agree with the schedule of expenditures of federal awards for U.S.D.A. donated food commodities.

**Hamtramck Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                      X   yes           no
- Significant deficiency(ies) identified                       yes      X   none reported

Noncompliance material to financial statements noted?                      X   yes           no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?                      X   yes           no
- Significant deficiency(ies) identified                       yes      X   none reported

Type of auditors’ report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                      X   yes           no

Identification of major federal programs:

<i>AL Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.010 84.425C, 84.425D & 84.425U	Title I Grants to Local Educational Agencies Education Stabilization Fund

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

Auditee qualified as low-risk auditee?                      X   yes           no

**Hamtramck Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section II – Government Auditing Standards Findings**

**2023-001 – Material Weakness – Lack of Timely Reconciliations**

**Criteria:** As part of the internal control process, accounts should be reconciled on a timely basis. We noted that certain reconciliations were not performed on a timely basis.

**Condition:** As of the date of our audit field work in October 2023, there were many accounts that were not reconciled. The district contracted with an outside firm to complete the reconciliations, however, it took until February 2024 for the reconciliation process to be completed. Additionally, the district's construction in process workpaper was not reconciled to the trial balance which resulted in an audit entry of approximately \$2.2 million to record capital outlay expenses that were paid after year end, for expenses that took place prior to June 30, 2023.

**Cause and effect:** Due to significant turnover within the district's business office, including the director of finance and the accountant, significant delays in the year end reconciliation process occurred resulting in significant delays in the audit process.

**Recommendation:** We recommend that monthly reconciliations of pertinent accounts be completed prior to the end of the following month. We also recommend that all accounts be reconciled at year end, including grant revenue and expense accounts. Additionally, we recommend that the organization reviews its succession planning to ensure that in the case turnover does take place in the future, that a plan is in place for how to continue operations.

**Views of responsible officials:** Management agrees with the finding.

**Corrective action plan:** See attached corrective action plan.

**2023-002 – Material Weakness and Material Noncompliance – Budget Variances**

**Criteria:** Sections 18 and 19 (MCL 141.438 and 141.439) of the Uniform Budgeting and Accounting Act state that an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body. Additionally, the chief administrative officer, an administrative officer, or an employee of the local unit shall not apply or divert money for purposes inconsistent with those specified in the appropriations.

**Condition:** Material budget overages were noted in total expenses in the Food Service Fund. A material overage was noted in Food Service Fund for food costs.

**Cause and effect:** Management failed to analyze actual food service expenses and instructional staff payments when amending the final budget for the Food Service Fund.

**Recommendation:** We recommend that management monitor the budget throughout the year and follow the established policies regarding budget preparation and implementation.

**Hamtramck Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Views of responsible officials:** Management agrees with the finding.

**Corrective action plan:** See attached corrective action plan.

**Section III – Federal Award Findings**

**2023-003 – Material Weakness and Material Noncompliance – ESSER Budgets - Allowability**

**Program information:** COVID-19 Governor’s Emergency Education Relief (GEER), U.S. Department of Education, passed through Michigan Department of Education, AL #84.425C; COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Formula, U.S. Department of Education, passed through Michigan Department of Education, AL #84.425D; COVID-19 ESSER Education Equity, U.S. Department of Education, passed through Michigan Department of Education, AL #84.425D.

**Criteria:** The School District has a responsibility to properly budget for all funds by function that are expected to be spent.

**Condition:** For the ESSER II formula grant, the district budgeted for the full amount spent in the current year, all under one function. Additionally, we noted that the district had completed a budget for the ESSER III program within MEGS+, however, they failed to include the budgeted amount within their year end approved final budget.

**Questioned costs:** None

**Cause and effect:** This was caused due to significant turnover in the business office at year end, resulting in a lack of skills, knowledge, and experience, related to amending the year end final budget.

**Recommendation:** We recommend that the district ensures that the budget is properly completed and amended before year end, and that the district monitors the budget throughout the year to ensure that items are being properly budgeted for.

**Views of responsible officials:** Management agrees with the finding.

**Corrective action plan:** See attached corrective action plan.

**2023-004 – Material Weakness and Material Noncompliance – Title I Budgets - Allowability**

**Program information:** Title I Grants to Local Educational Agencies, Title I Part I Imp Basic Programs. U.S. Department of Education, Passed through Michigan Department of Education, AL #84.010.

**Criteria:** The School District has a responsibility to properly budget for all funds by function that are expected to be spent.

**Condition:** For the Title I Part A grant, the district budgeted completed a budget within MEGS+, however, the amount that was approved in the districts final board approved budget amendment did not match the amounts by function in MEGS+.

**Hamtramck Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Questioned costs:** None

**Cause and effect:** This was caused due to significant turnover in the business office at year end, resulting in a lack of skills, knowledge, and experience, related to amending the year end final budget.

**Recommendation:** We recommend that the district ensures that the budget is properly completed and amended before year end, and that the district monitors the budget throughout the year to ensure that items are being properly budgeted for.

**Views of responsible officials:** Management agrees with the finding.

**Corrective action plan:** See attached corrective action plan.

**2023-005 – Material Weakness and Material Noncompliance – Compliance Areas Documentation**

**Program information:** Title I Grants to Local Educational Agencies, Title I Part I Imp Basic Programs. U.S. Department of Education, Passed through Michigan Department of Education, AL #84.010.

**Criteria:** The school district should maintain proper documentation to support that it is in compliance with applicable compliance areas related to the Title I Grant

**Condition:** For the following compliance sections, the district was not able to find documentation to support compliance with the applicable standards for the year ended June 30, 2023:

- Eligibility – Schoolwide plans and Comparability
- Earmarking – Carryover Waiver
- Special Tests – Assessment System Security

As a result, the organization was not able to prove that they were in compliance with the applicable requirements of the Title I Part A grant.

**Questioned costs:** None

**Cause and effect:** This was caused due to significant turnover in the business office and curriculum department at year end, resulting in a lack of skills, knowledge, and experience related to proper documentation of grant compliance.

**Recommendation:** We recommend that the organization reviews all compliance requirements of the Title I grant and reviews the documentation that they currently have on hand to be sure that going forward, all documentation is properly maintained. Additionally, we recommend that the district reviews compliance standards of the grants with all applicable staff to ensure that they understand the importance of maintaining proper documentation.

**Views of responsible officials:** Management agrees with the finding.

**Corrective action plan:** See attached corrective action plan.

**Hamtramck Public Schools**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**2023-006 – Material Weakness and Material Noncompliance – Cash Management**

<b>Program information:</b>	COVID-19 Governor’s Emergency Education Relief (GEER), U.S. Department of Education, passed through Michigan Department of Education, AL #84.425C; COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Formula, U.S. Department of Education, passed through Michigan Department of Education, AL #84.425D; COVID-19 ESSER Education Equity, U.S. Department of Education, passed through Michigan Department of Education, AL #84.425D.
<b>Criteria:</b>	The School District should support all expenses that are charged to a grant and should only request funds in amounts that are supported by allowable expenses.
<b>Condition:</b>	As of June 30, 2023, the district had unearned revenue recorded related to the ESSER III Grant AL# 84.425U Project 213713. This resulted due to the District requesting expense reimbursements through a cash request, and then subsequently moving the expenses from the ESSER III grant to the ESSER II grant after the funds had already been received in order to spend down their remaining ESSER II grants before they expired.
<b>Questioned costs:</b>	None
<b>Cause and effect:</b>	Management did not properly reconcile grant revenue and expense accounts at year end.
<b>Recommendation:</b>	We recommend that the district reconciles all grant revenues and expenses before the end of the year to ensure that all projects are being fully spent and properly classified within the trial balance.
<b>Views of responsible officials:</b>	Management agrees with the finding.
<b>Corrective action plan:</b>	See attached corrective action plan.

**Hamtramck Public Schools**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2023**

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**Section IV – Prior Audit Findings**

***Government Auditing Standards Findings***

There were no *Government Auditing Standards* findings for the year ended June 30, 2022.

**Federal Award Findings**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.



## Hamtramck Public Schools

*Jim Larson-Shidler, CFO  
3201 Roosevelt  
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(313) 892-2013*

### **2023-001 – Material Weakness – Lack of Timely Reconciliations**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:

Since the resignation of the district's experienced accountant in October 2022, the district hired inexperienced staff without school experience and knowledge. With the resignation of the accountant (hired July 2023) in February 2024, consultants with extensive school accounting experience and knowledge have been contracted until the district can hire accounting staff with school experience. Additionally, the position of Finance Manager is being recommended to the Board for approval at its April Board meeting. The intent of the Finance Manager position is to hire a more experienced individual who will provide the Business Office with leadership and stability in the event of turnover.

Anticipated completion date:  
June 30, 2024

### **2023-002 – Material Weakness and Material Noncompliance – Budget Variances**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:

Monthly review and analysis of budget to actual will be performed. Variances will be discussed with directors of programs to determine the cause and possible need for budget amendments. Amendments are presented and explained to the Board of Education for approval. After approval by the Board, budgets will be entered into the General Ledger to provide ability to review and analyze variances.

Anticipated completion date:  
March 6, 2024



## Hamtramck Public Schools

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### **2023-003 – Material Weakness and Material Noncompliance – ESSER Budgets - Allowability**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:  
Perform adequate planning, monitoring, knowledge of and adhering to grant timelines. Review of grant awards and budgets submitted to Michigan Department of Education will be reconciled with a monthly review and analysis of budget to actual performed. Approved budgets will be entered into the General Ledger to provide ability to review and analyze variances.

Anticipated completion date:  
March 6, 2024

### **2023-004 – Material Weakness and Material Noncompliance – Title I Budgets - Allowability**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:  
Perform adequate planning, monitoring, and knowledge of grant information submitted to Michigan Department of Education. Review of grant awards and budgets submitted to Michigan Department of Education will be reconciled to the General Ledger.

Anticipated completion date:  
March 6, 2024

### **2023-005 – Material Weakness and Material Noncompliance – Compliance Areas Documentation**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:  
The District created and hired a State & Federal Funding Specialist who works directly with the Business Office to monitor compliance with all grants. A new organization chart is being developed and recommended to the Board to create new positions in the Curriculum Department and hire open positions to monitor and comply with grant parameters.

Anticipated completion date:  
June 30, 2024

### **2023-006 – Material Weakness and Material Noncompliance – Cash Management**

Person responsible for the corrective action:  
Jim Larson-Shidler, CFO

Corrective action planned:

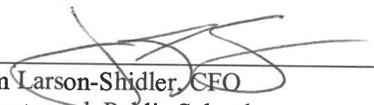


## Hamtramck Public Schools

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Monthly review and analysis of budget to actual will be performed with cash requests processed monthly for all grants. Variances will be discussed with directors of programs and principals to determine the cause and possible need to file timely grant and budget amendments. Budgets will be entered into the Smart General Ledger and reconciled to grant awards and budgets submitted to Michigan Department of Education to provide program directors and principals' information to properly expend grants. Perform adequate planning, communication, monitoring, and knowledge of grant information submitted to Michigan Department of Education.

Anticipated completion date:  
June 30, 2024

  
\_\_\_\_\_  
Jim Larson-Shidler, CFO  
Hamtramck Public Schools