

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
WHITLEY COUNTY CONSOLIDATED SCHOOLS
WHITLEY COUNTY, INDIANA
July 1, 2012 to June 30, 2014



FILED
02/20/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Anthony G. Zickgraf Kirk Doehrmann	07-01-12 to 06-30-14 07-01-14 to 06-30-15
Superintendent of Schools	Dr. Patricia O'Connor	07-01-12 to 06-30-15
President of the School Board	Donald L. Armstrong	01-01-12 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITLEY COUNTY CONSOLIDATED SCHOOLS, WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of Whitley County Consolidated Schools (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Finding and Audit Result and Comment that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

January 8, 2015

WHITLEY COUNTY CONSOLIDATED SCHOOLS
FEDERAL FINDING

***FINDING 2014-001 - INTERNAL CONTROLS OVER THE PREPARATION
OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the School Corporation had omitted \$23,218 in expenditures for the FY 2012/2013 ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recover Act Program from their SEFA; and under reported \$114,912 in expenditures for the FY 2012/2013 National School Lunch Program. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

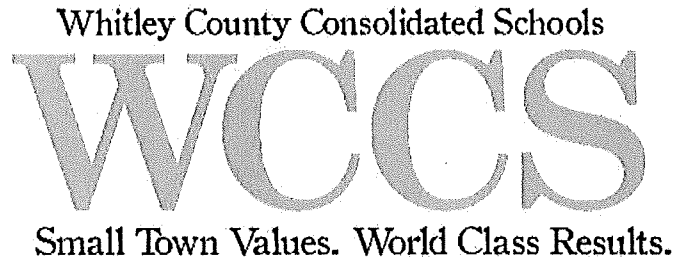
OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

WHITLEY COUNTY CONSOLIDATED SCHOOLS
FEDERAL FINDING
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."



CORRECTIVE ACTION PLAN

Finding 2014-001 Internal Controls over Preparation of Schedule of Expenditures of Federal Awards

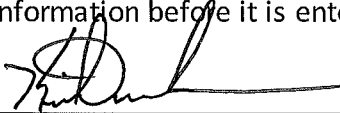
Auditee Contact Person: Kirk Doehrmann

Title of Contact Person: Director of Business and Operations

Phone Number: 260-244-5771

Expected Completion Date: December 30, 2014

Currently the Whitley County Consolidated Schools Deputy Treasurer quietuses in all of the EFT's notices of the Federal Grants and I, as the treasurer of the Corporation, process the information in Gateway. Starting with the 2014 Annual Report I will have my deputy verify all the information before it is entered into Gateway.



December 30, 2014

Kirk Doehrmann
Director of Business and Operations
Whitley County Consolidated Schools
107 North Walnut Street
Columbia City, IN
46725

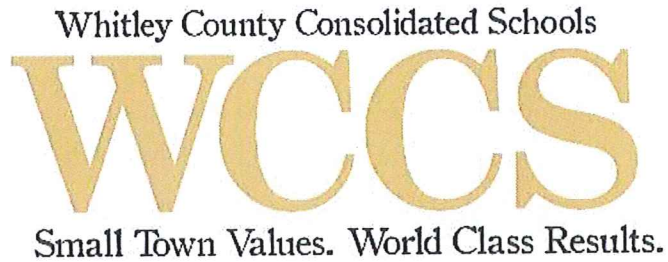
WHITLEY COUNTY CONSOLIDATED SCHOOLS
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

The School Corporation has not maintained an inventory of capital assets owned.

A similar comment appeared in prior Report B41944.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations Chapter 9)



OFFICIAL RESPONSE

Audit Comment: Maintaning a complete inventory of capital assets owned

Auditee Contact Person: Kirk Doehrmann

Title of Contact Person: Director of Business and Operations

Phone Number: 260-244-5771

Expected Completion Date: February 2015

Whitley County Consolidated Schools has not completed a capital assets audit since 2007. Currently, the school has contracted with T.M. Wells and associates to complete an audit and help maintain the asset list every two years.



December 30, 2014

Kirk Doehrmann
Director of Business and Operations
Whitley County Consolidated Schools
107 North Walnut Street
Columbia City, IN
46725

WHITLEY COUNTY CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2015, with Dr. Patricia O'Connor, Superintendent of Schools; Kirk Doehrmann, Treasurer; and Jere Michel, Accounts Payable Clerk.