

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

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

FEDERAL COMPLIANCE AUDIT REPORT
OF
WEST WASHINGTON SCHOOL CORPORATION
WASHINGTON COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

02/24/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-18
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan	23-24
Other Reports.....	25

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Andrea Little	07-01-22 to 06-30-25
Superintendent of Schools	Keith A. Nance	07-01-22 to 06-30-25
President of the School Board	Sal Sama	07-01-22 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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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 WEST WASHINGTON SCHOOL
CORPORATION, WASHINGTON 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 West Washington School Corporation (School Corporation), for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 11, 2025, 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.

Report on 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) as a basis for designing 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, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002, 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)

Report on 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 2024-001.

West Washington School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

February 11, 2025



Paul D. Joyce, CPA
State Examiner

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

TO: THE OFFICIALS OF THE WEST WASHINGTON SCHOOL CORPORATION, WASHINGTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Washington School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 to June 30, 2024. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 to June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 (*Government Auditing Standards*); 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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation 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 the School Corporation's compliance with the compliance requirements referred to above.

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 the School Corporation's federal programs.

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

Auditor's 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 on the School Corporation's 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 the School Corporation's 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 the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's 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 the School Corporation's 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.

Report on 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 EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated February 11, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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

February 11, 2025



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.

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity (or Other) Identifying Number	Assistance Listings Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
School Breakfast Program	Indiana Department of Education	10.553				
School Breakfast Program				FY2023		
School Breakfast Program				FY2024		
			\$ -	\$ 121,774	\$ -	\$ -
			-	-	-	98,855
Total - School Breakfast Program			-	121,774	-	98,855
National School Lunch Program						
National School Lunch Program	Indiana Department of Education	10.555				
National School Lunch Program				FY2023		
National School Lunch Program				FY2024		
Commodities				FY2023		
Commodities				FY2024		
Supply Chain				FY2023		
Supply Chain				FY2024		
			-	330,519	-	-
			-	-	-	293,258
			-	31,081	-	-
			-	-	-	32,311
			-	55,234	-	-
			-	-	-	34,416
Total - National School Lunch Program			-	416,834	-	359,985
Total - Child Nutrition Cluster			-	538,608	-	458,840
Total - Department of Agriculture			-	538,608	-	458,840
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education	84.027				
Special Education Grants to States				21611-052-PN01		
Special Education Grants to States				22611-052-PN01		
Special Education Grants to States				23611-052-PN01		
Special Education Grants to States				24611-052-PN01		
Special Education Grants to States				H027A220084		
			-	2,473	-	-
			-	147,841	-	95
			-	144,520	-	137,630
			-	-	-	142,872
			-	-	-	2,445
Subtotal - Special Education Grants to States			-	294,834	-	283,042
COVID-19 - Special Education Grants to States		84.027X				
Special Education Grants to States				22611-052-ARP		
			-	19,240	-	-
Total - Special Education Grants to States			-	314,074	-	283,042
Special Education Preschool Grants						
Special Education Preschool Grants	Indiana Department of Education	84.173				
Special Education Preschool Grants				21619-052-PN01		
Special Education Preschool Grants				22619-052-PN01		
Special Education Preschool Grants				23619-052-PN01		
Special Education Preschool Grants				23619-052-PN02		
Special Education Preschool Grants				24619-052-PN01		
			-	108	-	-
			-	1,612	-	-
			-	8,880	-	-
			-	-	-	1,954
			-	-	-	6,589
Subtotal - Special Education Preschool Grants			-	10,600	-	8,543
COVID-19 - Special Education Preschool Grants		84.173X				
Special Education Preschool Grants				22619-052-ARP		
			-	196	-	-
Total - Special Education Preschool Grants			-	10,796	-	8,543
Total - Special Education Cluster (IDEA)			-	324,870	-	291,585

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2023 and 2024

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 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grants to Local Educational Agencies			S010A210014	-	192,740	-	-
Title I Grants to Local Educational Agencies			S010A220014	-	110,334	-	-
Title I Grants to Local Educational Agencies			S010A220014	-	-	-	46,780
Title I-A Planning Allocation			S010A230014	-	-	-	165,666
Total - Title I Grants to Local Educational Agencies				-	303,074	-	212,446
Rural Education	Indiana Department of Education	84.358					
Rural & Low Income			S358B190014	-	6,165	-	-
Rural & Low Income			S358B200014	-	18,261	-	-
Total - Rural Education				-	24,426	-	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A-Supporting Effective Instruction			S367A210013	-	12,119	-	-
Title II Part A-Supporting Effective Instruction			S367A220013	-	28,508	-	-
Title II Part A-Supporting Effective Instruction			S367A220013	-	-	-	5,079
Title II-A: Supporting Effective Instruction			S367A230013	-	-	-	28,062
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	40,627	-	33,141
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424D200003	-	-	-	21,326
Title IV FY22			S424A220015	-	12,227	-	-
Title IV-A Student Support & Academic Enrichment			S424A230015	-	-	-	14,259
Total - Student Support and Academic Enrichment Program				-	12,227	-	35,585
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
COVID-19 - Coronavirus Aid Relief & Economic Security Act		84.425U	S425U210013	-	328,187	-	-
COVID-19 - Coronavirus Aid Relief & Economic Security Act		84.425U	S425U210013	-	-	-	379,727
Total - COVID-19 - Education Stabilization Fund				-	328,187	-	379,727
Total - Department of Education				-	1,033,411	-	952,484
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicaid			FY 24	-	-	-	5,793
Total - Medical Assistance Program				-	-	-	5,793
Total - Medicaid Cluster				-	-	-	5,793
Total - Department of Health and Human Services				-	-	-	5,793
Total federal awards expended				\$ -	\$ 1,572,019	\$ -	\$ 1,417,117

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

WEST WASHINGTON SCHOOL CORPORATION
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 award activity of the School Corporation under programs of the federal government for the years ended June 30, 2023 and 2024. 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 non-federal 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable 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. South Central Area Special Education Cooperative

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the special education program for the School Corporation. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

WEST WASHINGTON SCHOOL CORPORATION
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 programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	Unmodified Unmodified

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 2024-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation filed its reports as prescribed; however, the internal controls over the federal award information entered in the AFR, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The School Corporation did not properly review the federal grant information prepared and submitted in the AFR. Although the Treasurer compiled and entered the federal award information in the AFR, and the Superintendent of Schools reviewed and approved the information entered prior to submission, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

- The National School Lunch Program expenditures for fiscal year 2023 were overstated \$115,230, and expenditures for 2024 were understated by \$66,726.
- The Special Education Grants to States expenditures for 2023 and 2024 were understated by \$226,061 and \$198,924, respectively.
- The COVID-19 - Education Stabilization Fund expenditures for 2023 were understated by \$134,242.
- Six federal grants had individually immaterial errors, which resulted in misstatements of expenditures of \$104,985, in total for 2023. Two federal grants had individually immaterial errors which resulted in misstatements of expenditures of \$32,314, in total, for 2024. Other errors included one incorrect pass-through entity, incorrect program names, and incorrect identifying numbers.

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. . . ."

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

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 section § 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.

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

The Treasurer, who was new to the position, and Superintendent of Schools did not fully understand the proper way of reporting federal grants; internal controls were not effective to ensure the proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*. Errors in the reporting of federal grants, if undetected, could result in improper determination of the requirement of a single audit and the determination of major programs, in addition to being misleading to the readers of the AFR and this audit report.

Views of Responsible Officials

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

FINDING 2024-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not properly designed or implemented internal controls over receipts and financial close and reporting to ensure the accuracy and completeness of the financial statement.

Receipts

The School Corporation had not separated incompatible activities related to receipts. The Treasurer made deposits into the bank account and recorded the receipts in the financial records. There was no oversight, review, or approval process over receipts to ensure that all receipt activity was accurately recorded and deposited.

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Close and Reporting

The School Corporation had not established internal controls over financial close and reporting. The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's financial statement. The School Corporation filed its reports as prescribed; however, the School Corporation did not establish internal controls over the financial information entered in the AFR. The Treasurer prepared and submitted the financial information into the AFR; however, there were no documented oversight, review, or approval processes in place to prevent, or detect and correct, errors in the financial information prior to submission of the AFR.

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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

Because the Superintendent of Schools reviewed monthly fund reports, the Treasurer thought this internal control over receipts was sufficient. However, since the reports did not provide a detail of receipts, the internal control would not allow for errors to be identified and corrected in a timely manner. Due to the Treasurer being new to the position, she was not aware of the need for the oversight or review of the financial information entered into the AFR.

WEST WASHINGTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, the improper posting of receipts and material misstatements of the financial statement could remain undetected. Misstatement of the financial statement could mislead the readers of the financial statement which could result in improper decision making.

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

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

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FINDING 2020-002

Fiscal year in which the finding initially occurred: 2018-19

Current Audit Period: 2022-2024

Finding Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Summary of Finding: Lack of internal controls and compliance when obtaining contracts for bids and verifying contractors were not suspended or debarred when using bids obtained through the Wilson Education Center.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

“We Grow”

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FINDING 2022-001

Fiscal year in which the finding initially occurred: 2021-2022

Current Audit Period: 2022-2024

Finding subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Errors were made entering expenditures in the SEFA due to lack of internal controls.

Status of Audit Finding:

The prior finding is partially corrected starting in school year 2022-2023 in accordance with the corrective action plan.

Response Comments:

We are continuing to work on our internal control procedures to ensure compliance with uploading information for the SEFA. The deputy treasurer and superintendent are reviewing receipts and expenditures reports and verifying the amounts are with the correct grant. The reports they review, they sign, for added documentation. With the corporation treasurer being new to the SEFA, we are trying to finding a proper way to validate information entered.

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FINDING 2022-002

Fiscal year in which the finding initially occurred: 2020-2021

Current Audit Period: 2022-2024

Finding Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Summary of Finding: Lack of internal controls with compliance for obtaining quotes and contracts.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

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CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Ineffective internal controls on submitting federal data into Gateway resulting in errors on the SEFA.

Contact Person Responsible for Corrective Action: Andrea Little

Contact Phone Number and Email Address: 812-755-4872 litlea@wwcs.k12.in.us

Views of Responsible Officials:

We concur with the finding

Explanation and Reasons for Disagreement:

None

Description of Corrective Action Plan:

We will continue with the action plan from the last audit with the corporation treasurer reviewing expenditures and receipts in all grants and funds a few times a month to ensure what is being posted are indeed correct and adhere to the policies and procedures for each grant. Before uploading and submitting to Gateway, the deputy treasurer and superintendent will review to ensure that reimbursements match the receipts and grant schedule.

Anticipated Completion Date:

Immediately

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CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Ineffective internal controls on reviewing receipts and financial close reporting

Contact Person Responsible for Corrective Action: Andrea Little

Contact Phone Number and Email Address: 812-755-4872 litlea@wwcs.k12.in.us

Views of Responsible Officials:

We concur with the finding

Explanation and Reasons for Disagreement:

None

Description of Corrective Action Plan:

The Corporation Treasurer and Superintendent will review receipts weekly. Before uploading and submitting the Annual Financial Report in Gateway, the Deputy Treasurer and Superintendent will review financials to ensure errors are prevented or detected.

Anticipated Completion Date:

Immediately

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/>.