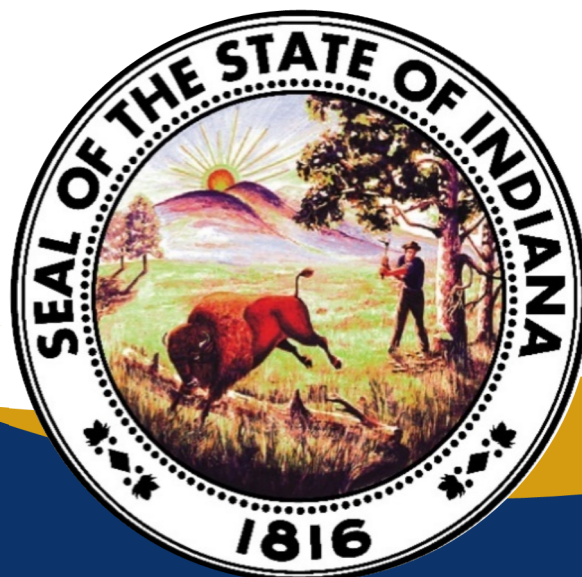


**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF  
WHITLEY COUNTY CONSOLIDATED SCHOOLS  
WHITLEY COUNTY, INDIANA  
July 1, 2022 to June 30, 2024



**FILED**

03/31/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Todd Fleetwood	07-01-22 to 06-30-25
Superintendent of Schools	Dr. Laura McDermott	07-01-22 to 06-30-25
President of the School Board	David Smith	07-01-22 to 06-30-25



Paul D. Joyce, CPA  
State Examiner

# 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 WHITLEY COUNTY CONSOLIDATED  
SCHOOLS, WHITLEY 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 Whitley County Consolidated Schools (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 March 25, 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 item 2024-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***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.

***Whitley County Consolidated Schools' 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

March 25, 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 WHITLEY COUNTY CONSOLIDATED SCHOOLS, WHITLEY COUNTY, INDIANA

## Report on Compliance for Each Major Federal Program

### ***Qualified and Unmodified Opinions***

We have audited the Whitley County Consolidated Schools' (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.

### ***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2022 to June 30, 2024.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2022 to June 30, 2024.

### **Basis for Qualified and Unmodified 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 (*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.

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)

*Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2024-003 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation 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 the School Corporation's federal programs.

**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.

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)

**Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

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, 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. 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003, to be material weaknesses.

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* require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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)

**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 March 25, 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

March 25, 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.

WHITLEY COUNTY CONSOLIDATED 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY22-23	\$ -	\$ 119,275	\$ -	\$ -
School Breakfast Program			FY23-24	-	-	-	134,616
Total - School Breakfast Program				-	119,275	-	134,616
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY22-23	-	1,012,531	-	-
National School Lunch Program			FY23-24	-	-	-	832,883
National School Lunch Program - Supply Chain			FY22-23	-	-	-	-
National School Lunch Program - Supply Chain			FY23-24	-	-	-	111,104
Commodities			FY22-23 / FY23-24	-	107,617	-	132,181
Total - National School Lunch Program				-	1,120,148	-	1,076,168
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY22-23	-	299,810	-	-
Total - Child Nutrition Cluster				-	1,539,233	-	1,210,784
COVID-19 - Pandemic EBT Administrative Costs	Indiana Department of Education	10.649					
Pandemic EBT			FY22-23	-	628	-	-
Total - Department of Agriculture				-	1,539,861	-	1,210,784
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2021 IDEA PART B 611			H027A200084	-	14,758	-	-
FY2022 IDEA PART B 611			H027A210084	-	249,506	-	8,220
FY2023 IDEA PART B 611			H027A220084	-	-	-	771,150
FY2024 IDEA PART B 611			H027A230084	-	-	-	726,466
Subtotal - Special Education Grants to States				-	264,264	-	1,505,836
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027					
611 ARP IDEA			H027X210084	-	86,367	-	-
611 ARP IDEA			H027X210084	-	-	-	94,692
Subtotal - COVID-19 - Special Education Grants to States				-	86,367	-	94,692
Total - Special Education Grants to States				-	350,631	-	1,600,528
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY22 IDEA PART B 619 PRESCHOOL			H173A210104	-	13,721	-	441
FY23 IDEA 619 ORESCGIIK			H173A220104	-	14,790	-	-
FY23 IDEA 619 PRESCHOOL			H173A220104	-	-	-	19,149
FY24 IDEA 619 PRESCHOOL			H173A230104	-	-	-	21,901
Subtotal - Special Education Preschool Grants				-	28,511	-	41,491
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173					
619 ARP IDEA			H173X210104	-	6,642	-	-

WHITLEY COUNTY CONSOLIDATED 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
619 ARP IDEA			H173X210104	-	-	-	3,241
Subtotal - COVID-19 - Special Education Preschool Grants				-	6,642	-	3,241
Total - Special Education Preschool Grants				-	35,153	-	44,732
Total - Special Education Cluster (IDEA)				-	385,784	-	1,645,260
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
NEXT GEN SIG			S010A210014	-	181,309	-	116,056
SY21-22 Title I			S010A210014	-	117,010	-	-
2022-2023 Title I			S010A220014	-	194,373	-	121,493
Total - Title I Grants to Local Educational Agencies				-	492,692	-	237,549
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FY20 Title II Part A			S367A200013	-	8,078	-	-
FY21 Title II Part A			S367A200013	-	47,457	-	-
FY22 Title II Part A			S367A210013	-	43,513	-	714
FY23 Title II Part A			S367A220013	-	20,733	-	3,750
Total - Supporting Effective Instruction State Grants				-	119,781	-	4,464
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
FY19-20 Title IV Part A SSAE			S424A190015	-	25,702	-	-
FY20-21 Title IV Part A SSAE			S424A200015	-	22,713	-	-
FY21 Title IV A Part SSAE			S424A210015	-	16,991	-	750
FY22 Title IV A Part SSAE			S424A220015	-	1,885	-	8,102
Total - Student Support and Academic Enrichment Program				-	67,291	-	8,852
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
AI POWERED PROGRAM PILOT		84.425U	S425U210013	-	-	-	15,017
Explore Engage Experience Grant - 3E		84.425U	7000S425U210013	-	70,646	-	91,562
GEER		84.425C	S425C200018	-	86,253	-	-
CARES		84.425D	S425D200013	-	116,888	-	-
ESSER II		84.425D	S425D210013	-	-	-	989,728
ESII Employability Micro-Credential Pilot		84.425D	S425D210013	-	7,927	-	184,690
ESSER III		84.425U	S425U210013	-	798,645	-	552,487
Total - COVID-19 - Education Stabilization Fund				-	1,080,359	-	1,833,484
Total - Department of Education				-	2,145,907	-	3,729,609
<b>Department of Health and Human Services</b>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medicaid - IEP			FY22-23	-	66,148	-	-
Medicaid - IEP			FY23-24	-	-	-	115,357
Total - Medical Assistance Program				-	66,148	-	115,357
Total - Medicaid Cluster				-	66,148	-	115,357
Total - Department of Health and Human Services				-	66,148	-	115,357
Total federal awards expended				\$ -	\$ 3,751,916	\$ -	\$ 5,055,750

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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 nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major 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	Qualified Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2024-001**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Annual Financial Report (AFR) and financial statement, were not effective.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although one employee prepared and entered the financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

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

*Financial Data*

- A fund entitled Bank Transfers was incorrectly included on the AFR. This fund was used by the School Corporation on their ledger to solely record transfers between banks. This should not have been included on the AFR and the financial statement. This caused disbursements and Other Financing Sources to both be overstated by \$4,500,000 for the year ended June 30, 2023, and receipts and disbursements to be overstated by \$6,692,446 for the year ended June 30, 2024.
- Other Financing Sources in the Investment Fund and Other Financing Uses in the Local Rainy Day fund were each overstated by \$1,800,000 for the year ended June 30, 2024.
- Receipts in the Operating Fund and Local Rainy Day fund were understated by \$226,897 and \$31,238, respectively, for the year ended June 30, 2024. Receipts in the Investment Fund were overstated by \$399,570 for the year ended June 30, 2024.
- Disbursements in the Local Rainy Day fund were overstated by \$151,645 for the year ended June 30, 2024.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis as Other Information in the Financial Statement Audit Report of the School Corporation.

*Investment Fund Statement*

The School Corporation did not complete the Investment Fund Statement in the AFR. Investments were held by the School Corporation on June 30, 2023 and 2024; however, the amounts were not reported on the Investment Fund Statement of the AFR.

*Criteria*

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](#)."

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:

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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. . . ."

*Cause*

Management of the School Corporation had not established an effective system of internal controls that would have ensured proper reporting of the financial statement. One employee compiled and entered the information before submission into Gateway, and another employee reviewed the information before submission. The submission still contained errors in the financial information.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2024-002**

Subject: COVID-19 - Education Stabilization Fund - Activities Allowed  
or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Number: 84.425U  
Federal Award Number and Year (or Other Identifying Number): 7000S425U210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Finding: Material Weakness

*Condition and Context*

The School Corporation did not have an effective internal control system in place to ensure that costs charged to the COVID-19 - Education Stabilization Fund (ESF) grant award were allowable and in conformance with compliance with requirements related to the Activities Allowable or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Although the School Corporation designed and implemented a process throughout the audit period, costs charged to the Explore Engage Experience (3E CIESC) grant only had one employee review. The reimbursement form was completed by one employee with no evidence of the approval/review from another employee. Without the review/approval of another employee it could lead to improper activities allowed and/or allowable cost reimbursed. This was the only grant within the ESF grant award that did not have this internal control completed properly.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements. One employee prepared the reimbursement request without any evidence of an approval or review from another employee.

*Effect*

The lack of an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements. A review or approval of the reimbursements request will ensure that grant funds are used for allowable expenditures.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management strengthen its system of internal controls to ensure all reimbursement requests are prepared by one employee and reviewed and approved by another employee.

*Views of Responsible Officials*

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2024-003**

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY22-23, FY23-24  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Suspension and Debarment*

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAM exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

A population of five covered transactions for nonfood purchases that equaled or exceeded \$25,000 paid from the School Lunch fund was identified. All five transactions totaling \$268,614 were tested; however, the School Corporation did not verify the suspension and debarment status prior to entering into the covered transactions.

The lack of internal controls and noncompliance were isolated to nonfood purchases.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 180.300 states:

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

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

*Cause*

The School Corporation's process was to check for SAM exclusions and attach the search results to the accounts payable voucher. However, the SAM exclusion check process was not properly implemented for the nonfood vendors tested nor was a certification collected or a clause or condition added to the covered transaction.

*Effect*

The lack of an effective internal control system enabled material noncompliance to occur and remain undetected. Noncompliance with the Procurement and Suspension and Debarment compliance requirement could lead to contracting with vendors who are suspended or debarred from receiving federal grant funding.

Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management strengthen its system of internal controls and develop policies and procedures ensure vendors are not suspended, debarred, or otherwise excluded prior to entering into any covered transactions.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



WHITLEY COUNTY  
CONSOLIDATED SCHOOLS

# Whitley County Consolidated Schools

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Todd Fleetwood  
Director of Business and Operations

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2022-001***

#### SEFA – Material Weakness

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

Status of Audit Finding: Corrected – We have addressed the issue by determining that Komputrol is unable to generate a report for direct upload. As a result, an Excel file was manually created in-house; however, due to the restrictive nature of the Gateway portal, direct upload was not possible. To ensure accuracy and compliance, we have implemented a process where one individual enters the SEFA data, and a second individual performs a thorough review before submission. This dual-review process strengthens internal controls and minimizes the risk of errors.

### ***FINDING 2022-002***

#### Payroll Disbursements – Material Weakness

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

Status of Audit Finding: Fully Corrected and the original corrective action was implemented

\_\_\_\_\_  
Todd Fleetwood

(Signature)

\_\_\_\_\_  
Director of Business and Operations

(Title)

\_\_\_\_\_  
3/3/2025

(Date)

107 North Walnut Street • Columbia City, Indiana 46725  
Phone (260) 244-5771 • Fax (260) 244-4590 • Website <http://wccsonline.com>

Todd Fleetwood  
Director of Business and Operations

## CORRECTIVE ACTION PLAN

### **FINDING 2024-001**

Finding Subject: Financial Transactions and Reporting

Audit Findings: Material Weakness, Non-compliance

Contact Person Responsible for Corrective Action: Todd Fleetwood, Director of Business and Operations

Contact Phone Number: 260-244-5771 [fleetwoodta@wccsonline.com](mailto:fleetwoodta@wccsonline.com)

#### Views of Responsible Official:

The School Corporation concurs with the finding

#### Description of Corrective Action Plan:

Moving forward, the AFR will no longer include the bank transfer fund on the report generated from Komputrol. Additionally, all investment activity will be properly recorded in the appropriate fund rather than the investment fund to ensure accurate financial reporting.

Anticipated Completion Date: 07/01/2025

### **FINDING 2024-002**

Finding Subject: COVID-19 Education Stabilization Fund – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness

Contact Person Responsible for Corrective Action: Todd Fleetwood, Director of Business and Operations

Contact Phone Number: 260-244-5771 [fleetwoodta@wccsonline.com](mailto:fleetwoodta@wccsonline.com)

#### Views of Responsible Official:

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The School Corporation concurs with the finding.

Description of Corrective Action Plan:

The business office inadvertently omitted the reviewer's sign-off on one of the grant reimbursement forms. This oversight will be promptly corrected.

Anticipated Completion Date: 04/01/2025

**FINDING 2024-003**

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

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Todd Fleetwood, Director of Business and Operations

Contact Phone Number: 260-244-5771 [fleetwoodta@wccsonline.com](mailto:fleetwoodta@wccsonline.com)

Views of Responsible Official:

The School Corporation concurs with the finding

Description of Corrective Action Plan:

To ensure compliance with federal procurement regulations, prior to entering into a purchase agreement using federal funds exceeding \$25,000, the Food Service Director or Assistant Food Service Director will take one of the following actions:

1. Verify Vendor Status: Check the System for Award Management (SAM) Exclusions List to confirm the vendor is not suspended or debarred.
2. Obtain Certification: Collect a written certification from the vendor affirming their eligibility to receive federal funds.
3. Include Contractual Safeguard: If applicable, incorporate a clause or condition in the purchase agreement requiring compliance with federal suspension and debarment regulations.

These steps will be documented and retained for audit purposes to ensure full compliance with federal procurement requirements.

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Anticipated Completion Date: 07/01/2025

Todd Fleetwood  
(Signature)

Director of Business and Operations  
(Title)

3/24/2025  
(Date)

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## 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/>.