

**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

WES-DEL COMMUNITY SCHOOL CORPORATION

DELAWARE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/17/2025

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	5-8
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.....	13-21
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	24-25
Corrective Action Plan	26-28
Other Reports.....	29

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Fowler Teresa Whitesel	07-01-22 to 02-27-25 02-28-25 to 06-30-25
Superintendent of Schools	Kyle Mealy	07-01-22 to 06-30-25
President of the School Board	Larry Batt Gary Rooker Larry Batt Amy Townsend	01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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 WES-DEL COMMUNITY SCHOOL
CORPORATION, DELAWARE 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 Wes-Del Community 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 March 6, 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 items 2024-001 and 2024-002.

Wes-Del Community 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

March 6, 2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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 WES-DEL COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wes-Del Community 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003 and 2024-004. Our opinion on each major federal program is not modified with respect to these 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.

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 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 2024-003 and 2024-004, 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 6, 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 6, 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.

WES-DEL COMMUNITY 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast program			FY2022-23	\$ -	\$ 120,896	\$ -	\$ -
School Breakfast program			FY2023-24	-	-	-	140,859
School Breakfast Program			FY2023-24	-	-	-	589
Total - School Breakfast Program				-	120,896	-	141,448
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Commodities			FY2022-23	-	309,919	-	-
School Lunch Supply Chain			FY2022-23	-	33,646	-	-
School Lunch Program			FY2022-23	-	52,265	-	-
School Lunch Commodities			FY2023-24	-	-	-	224,115
School Lunch Program			FY2023-24	-	-	-	34,394
School Lunch Commodities			FY2023-24	-	-	-	99,666
School Lunch Supply Chain			FY2023-24	-	-	-	31,555
Total - National School Lunch Program				-	395,830	-	389,730
Summer Food Service Program for Children							
School Summer Lunch Program	Indiana Department of Education	10.559					
			FY2022-23	-	24	-	-
Total - Child Nutrition Cluster				-	516,750	-	531,178
Total - Department of Agriculture				-	516,750	-	531,178
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Education	Muncie Community Schools	84.027					
Special Education			23611-008-PN01	-	248,998	-	-
Special Education			24611-008-PN01	-	-	-	179,116
Subtotal - Special Education Grants to States				-	248,998	-	179,116
COVID-19 - Special Education Grants to States							
Special Education ARP 611	Muncie Community Schools	84.027					
Special Education ARP 611			22611-008-ARP	-	27,373	-	-
			22611-008-ARP	-	-	-	10
Subtotal - COVID-19 - Special Education Grants to States				-	27,373	-	10
Total - Special Education Grants to States				-	248,998	-	179,116
Special Education Preschool Grants							
Special Education Preschool	Muncie Community Schools	84.173					
Special Education Preschool			20619-008-PN01	-	316	-	-
Special Education Preschool			22619-008-PN01	-	4,555	-	-
Special Education Preschool			22619-008-PN01	-	-	-	7,000
Special Education Preschool			23619-008-PN01	-	3,105	-	-
Subtotal - Special Education Preschool Grants				-	7,976	-	7,000

WES-DEL COMMUNITY 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
COVID-19 - Special Education Preschool Grants Special Education Preschool	Muncie Community Schools	84.173	22619-008-ARP	-	2,257	-	-
Total - Special Education Cluster (IDEA)				-	286,604	-	186,126
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			S010A210014	-	16,208	-	-
Title I			S010A210014	-	132,591	-	-
Title I			S010A220014	-	-	-	6,493
School Improvement Planning Grant			S010A220014-22A	-	125,000	-	-
School Improvement Planning Grant			S010A220014-22A	-	-	-	50,000
Title I			S010A230014	-	-	-	100,229
School Improvement			S010A230014	-	-	-	360,466
Rural Transformation Zone Grant			S010A230014-22A	-	-	-	584,210
Total - Title I Grants to Local Educational Agencies				-	273,799	-	1,101,398
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A			S367A200013	-	8,000	-	-
Title II Part A			S367A210013	-	2,389	-	-
Title II Part A			S367A210013	-	201	-	-
Title II Part A			S367A220013	-	-	-	16,777
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	10,590	-	16,777
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A			S424A210015	-	13,381	-	-
Title IV Part A			S424A220015	-	8,028	-	-
Title IV Part A			S424A220015	-	-	-	2,930
Total - Student Support and Academic Enrichment Program				-	21,409	-	2,930
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
ESSER II		84.425D	S425D210013	-	22,503	-	-
Employability Skills Grant		84.425D	S425D210013	-	48,000	-	-
Employability Skills Grant		84.425D	S425D210013	-	-	-	22,000
ESSER II		84.425D	S425D210013	-	-	-	5,700
ESSER III		84.425U	S425U210013	-	530,582	-	-
ESSER III		84.425U	S425U210013	-	-	-	57,783
Total - COVID-19 - Education Stabilization Fund				-	601,085	-	85,483
Total - Department of Education				-	1,193,487	-	1,392,714
Total federal awards expended				\$ -	\$ 1,710,237	\$ -	\$ 1,923,892

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

WES-DEL COMMUNITY 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 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.

Note 3. Delaware Blackford Special Education Cooperative

The School Corporation is a member of the Delaware Blackford Special Education Cooperative (Cooperative). 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.

WES-DEL COMMUNITY 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?	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
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified 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

Repeat Finding

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

Condition and Context

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

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation filed its reports as prescribed; however, the School Corporation had not established effective 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 financial statement.

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although the Treasurer prepared and entered the financial information into Gateway, and the Superintendent of Schools reviewed the information to ensure it was accurate, the internal control was not effective and did not detect and allow for correction of errors.

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

- Payroll Clearing activity was originally omitted from the financial statement presented for audit. The 'Payroll Clearing fund' is a combination of multiple payroll clearing funds on the School Corporation's ledger. The beginning cash balance was understated by \$48,557. Receipts for fiscal year 2022-2023 were understated by \$1,933,844 and for 2023-2024 were understated by \$1,758,511. Disbursements for 2022-2023 were understated by \$1,939,747 and for 2023-2024 were understated by \$1,752,015. The ending cash and investments at June 30, 2024, was then understated by \$49,150.
- The Prepaid School Lunch Accounts fund was incorrectly reported in the Annual Financial Report (AFR), which understated beginning cash and investment balance by \$9,089, receipts by \$150,830, disbursements by \$153,790, and ending cash and investment balance by \$6,129 in 2022-2023.
- The Education fund was incorrectly reported in the AFR, which overstated other financing sources and ending cash and investments balance by \$250,000 in 2023-2024.
- The fund 9100 Certificate of Deposit was incorrectly included in the AFR. This fund is an internal mechanism for tracking investments and not a true fund, and thus, it should not have been included and was removed.

Audit adjustments were proposed, accepted by the School Corporation, and made to financial statement in the Financial Statement Audit Report of the School Corporation.

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:

WES-DEL COMMUNITY SCHOOL CORPORATION
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. While the Treasurer entered information into the AFR and the Superintendent of Schools reviewed the information entered, neither compared the data entered for each fund with a ledger that contained all funds (including the 9000 series which are made up of payroll withholding funds). This would have revealed payroll withholding funds were missing from the AFR and there were errors in other funds.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements occurred and 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.

FINDING 2024-002

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.

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, no effective internal control was in place over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not properly reviewed the federal grant information prepared and submitted in Gateway. Although the Treasurer entered the information into Gateway, and the Superintendent of Schools reviewed the information for accuracy and completeness, the internal controls were not effective and did not prevent, or detect or allow for correction of, errors prior to submission.

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

- The National School Lunch Program expenditures were overstated in fiscal year 2022-2023 by \$159,385 and overstated by \$113,067 in 2023-2024.
- The Special Education Cluster expenditures were overstated in 2023-2024 by \$61,706.
- The remaining misstatements noted in the SEFA combined to a total of \$104,009 for the engagement period.

Audit adjustments for material errors 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. . . ."

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:

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 § 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.
- (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."

WES-DEL COMMUNITY 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](#)."

Cause

Management of the School Corporation had not established a system of internal controls that would ensure proper reporting of the SEFA.

While the School Corporation had procedures in place for correctly entering information into the SEFA, the internal control and reviews in place were not effective in detecting and preventing noncompliance and/or material errors from occurring. Expenditure reports for the Child Nutrition Cluster, the Special Education Cluster, and other grant funds were not compared to the expenditure data reported in 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*.

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 2024-003

Subject: Child Nutrition Cluster - Procurement and 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): FY2022-23, FY2023-24

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Procurement and Suspension and Debarment.

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Suspension and Debarment

The School Corporation did not have effective internal controls in place to ensure contracted vendors were not suspended or debarred or otherwise excluded from participation in federal award programs. The School Corporation could not provide evidence the suspension and debarment status of one vendor was reviewed during the engagement period.

The lack of internal controls and noncompliance were systemic issues 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). . . ."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

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

Management of the School Corporation had not established an effective system of internal controls that would have ensured reviews of suspension and debarment statuses occurred for vendors. The School Corporation did not verify whether or not vendors were suspended or debarred prior to entering into an agreement with that vendor.

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation should develop policies and procedures to verify the status of vendors for federal programs and retain documentation of verification of suspension and debarment reviews performed.

Views of Responsible Officials

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

FINDING 2024-004

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listings Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014, S010A220014, S010A230014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Assessment System Security.

The state educational agencies (SEA), in consultation with the local educational agencies (LEA), are required to establish and maintain an assessment security system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, the SEAs must have policies and procedures to maintain test security measures and ensure that the LEAs implement those policies and procedures. As such, the Indiana Department of Education created and published the *Indiana Assessments Policy Manual*.

As a part of the assessment security, any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity statement that remains on file in the appropriate building-level office each year. Everyone who is required to sign the testing integrity agreement shall sign the form by an established date.

WES-DEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had a process to provide assessment system security training and to ensure each employee that attended training signed the agreement indicating training was received. However, documentation was not retained for audit that would provide evidence that training occurred during fiscal year 2022-2023. Documentation was provided for audit for 2023-2024.

The lack of internal controls and noncompliance were isolated to 2022-2023.

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). . . ."

511 IAC 5-5-5(b) states: "Any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity agreement to remain on file in the appropriate building-level office each year."

Cause

Management of the School Corporation had not established an effective system of internal controls that would have ensured required staff received training on the Assessment System Security and evidence of the trainings were retained for audit. Management did not retain documentation for the audit that would have provided evidence that it had properly held training for staff on the Assessment System Security.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School should develop policies and procedures to provide training to required personnel and to retain documentation of training provided for the Assessment System Security.

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.

WES-DEL COMMUNITY SCHOOLS

10290 N County Road 600 W
Gaston, IN 47342
(765) 358-4006
(765) 351-3400 Fax



February 13, 2025

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07/01/2022 – 06/30/2024

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although the Treasurer prepared and entered the financial information into Gateway, and the Superintendent of Schools reviewed the information to ensure it was accurate, the internal control was not effective and did not detect and allow for correction of errors.

Status of Audit Finding:

Not Corrected.

Response Comments:

Not Corrected as of beginning of audit FY 23-FY 24 - process of treasurer preparing and submitting in Gateway and the Superintendent reviewing information remains in place.

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2014

Current Audit Period: 07/01/2022 – 06/30/2024

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

Summary of Finding:

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although the Treasurer prepared and entered the federal grant information into Gateway, and the Superintendent of Schools reviewed the information to ensure it was accurate, the internal control was not effective and did not detect and allow for correction of errors.

Status of Audit Finding:

Not Corrected.

Response Comments:

Not Corrected as of beginning of audit FY 23-FY 24 - process of treasurer preparing and submitting in Gateway and the Superintendent reviewing information remains in place.

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 07/01/2022 – 06/30/2024

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

Summary of Finding:

During fiscal year 2020-2021, 2 of 40 vendor claims tested and 4 of 13 payroll claims tested paid for supplies, services, and payroll without an explanation for how the expenditures prevented, prepared for, or responded to COVID-19. The total of unsupported expenditures for DJ services, gaming chairs, and additional payroll and stipends was \$15,787. These amounts were considered questioned costs.

Status of Audit Finding:

Corrected.

Response Comments:

Corrective action was taken and has been corrected as of beginning of audit FY 23-FY 24.

WES-DEL COMMUNITY SCHOOLS

10290 N. County Road 600W

Gaston, Indiana 47342

(765) 358-4006

(765) 358-4065 Fax



CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

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

The School Corporation filed its reports as prescribed; however, the School Corporation had not established effective 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 financial statement.

Due to the lack of effective internal controls, the financial statement presented for the audit included material errors.

Contact Person Responsible for Corrective Action: Teresa Whitesel

Contact Phone Number and Email Address: 765-358-4006 twhitesel@wes-del.org

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Corporation will look into expanding the responsibilities of the internal auditor who can review fiscal end procedures.

Anticipated Completion Date: This will be completed by the next audit period of FY2025 FY2026

FINDING 2024-002

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

Summary of Finding:

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, no effective control was in place over the federal award information entered into the Indiana Gateway for Government Units

(Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).
Due to the lack of effective internal controls, the SEFA presented for audit included material errors.

Contact Person Responsible for Corrective Action: Teresa Whitesel
Contact Phone Number and Email Address: 765-358-4006 twhitesel@wes-del.org

Views of Responsible Officials:
We concur with the finding

Description of Corrective Action Plan:
The Corporation will look into expanding the responsibilities of the internal auditor who can review fiscal end procedures.

Anticipated Completion Date: This will be completed by the next audit period of FY2025 FY2026

FINDING 2024-003

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

The School Corporation did not have effective internal controls in place to ensure contracted vendors were not suspended or debarred or otherwise excluded from participation in federal award programs. The School Corporation could not provide evidence of verification for Resolve Tech during the engagement period.

Contact Person Responsible for Corrective Action: Teresa Whitesel
Contact Phone Number and Email Address: 765-358-4006 twhitesel@wes-del.org

Views of Responsible Officials:
We concur with the finding

Description of Corrective Action Plan:
The Corporation Treasurer was not aware of this requirement. This will be completed by the next audit period of FY2025 FY2026

WES-DEL COMMUNITY SCHOOLS

10290 N County Road 600 W
Gaston, IN 47342
(765) 358-4006
(765) 351-3400 Fax



CORRECTIVE ACTION PLAN

FINDING 2024-004 (Auditor Assigned Reference Number)

Finding Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security

Summary of Finding:

As a part of the assessment security, any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity statement that remains on file in the appropriate building-level office each year. Everyone who is required to sign the testing integrity agreement shall sign the form by an established date.

The School Corporation had a process to provide assessment system security training and to ensure each employee that attended training signed the agreement indicating training was received. However, documentation was not retained for audit that would provide evidence that training occurred during the 2022-2023 school year. Documentation was provided for audit for the 2023-2024 school year.

Contact Person Responsible for Corrective Action: Jason Slopsema

Contact Phone Number and Email Address: 765-358-8729/jslopsema@wes-del.org

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

Moving forward, the Corporation Test Coordinator, who is the individual responsible for providing this training, and ensuring that staff members complete it, and sign the testing security and integrity statement, will keep these signed documents on file within his/her office for at least 5 years. The Corporation Test Coordinator will continue to ensure that the training and signing of said document will take place by the deadline set forth by the Indiana Department of Education.

Anticipated Completion Date:

This will be completed beginning with the 2024-2025 school year's signed testing and integrity agreements that have already been completed.

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/>.