

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST CLARK COMMUNITY SCHOOLS

CLARK COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/08/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	R. Mac Dyer	07-01-13 to 06-30-14
	(Vacant)	07-01-14 to 07-31-14
	R. Mac Dyer	08-01-14 to 12-31-17
Superintendent of Schools	Monty Schneider	07-01-13 to 06-30-15
	Chad Schenck	07-01-15 to 06-30-20
President of the School Board	Brian Hurst	07-01-13 to 12-31-16
	Joe Basham	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the West Clark Community Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

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

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

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

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

July 20, 2015

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2015-001

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

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-001.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation prepared and submitted the SEFA without effective controls to ensure its accuracy before submission.

Context

The SEFA contained the following errors:

1. The federal expenditures were incorrectly reported resulting in an understatement of \$449,533 for the 2013-2014 school year, and \$504,665 for the 2014-2015 school year.
2. Not all CFDA numbers, program names, grants, pass-through entities, or pass-through identifying numbers were correct or listed.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

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

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-002

Subject: Internal Controls over Financial Transactions
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-002.

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not separated incompatible activities related to financial transactions in order to ensure all activity was properly posted throughout the accounting application system. The Deputy Treasurer was responsible for writing vendor checks, recording vendor checks in the ledger, entering adjustment/correction transactions to the ledger, and reconciling ledger reports within the accounting application system.

Context

The deficiencies in the internal control system were present throughout the audit period.

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. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control related to financial transactions.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, over financial transactions.

Views of Responsible Officials

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

FINDING 2015-003

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-012.

Condition

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

The School Corporation entered into a covered transaction with a vendor without ensuring that the vendor had not been suspended or debarred from doing business with the federal government.

Context

Evidence was not presented for two of the three contracts tested that the School Corporation verified that the vendor had not been suspended or debarred from doing business with the Federal Government.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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 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 had not developed an effective system of internal controls that would have ensured the Procurement and Suspension and Debarment compliance requirement was met.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish and implement controls related to the grant agreement and the suspension and debarment requirements.

Views of Responsible Officials

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

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-004

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13-14, FY 14-15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-014.

Condition

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

The Food Service Director was the sole person responsible for determining eligibility of applications filed. An oversight or review process or other compensating control had not been established.

Context

A review of 60 students receiving free and reduced price meals identified the following problems with the eligibility for 7 of the students:

1. Five applications could not be located and were not presented for audit.
2. One application that was determined to be eligible for reduced price lunches did not include income information.
3. One application was incorrectly determined to be eligible for free lunch when the income information on the application only qualified for reduced price lunches.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 245.6(e) states in part: "*Recordkeeping*. The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain . . ."

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

7 CFR 245.6a(f)(2) states in part:

"Documentation timeframe. . . . The documentation must indicate the source, amount and frequency of all income and can be for any point in time between the month prior to application for school meal benefits and the time the household is requested to provide income documentation."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

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

FINDING 2015-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-016.

Condition

An effective internal control system 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 - Paid Lunch Equity.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

The weighted average lunch meal price required to be charged for the school year 2013-2014 was \$2.45 and the actual weighted average amount charged was \$2.37. The School Corporation did not present for audit any evidence that the required paid lunch equity or their weighted average price calculations were completed for the school year 2014-2015.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

Cause

Management had not developed an effective system of internal controls that would have ensured that the Special Tests and Provisions - Paid Lunch Equity compliance requirement was met.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Internal Controls over Child Nutrition Cluster

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts.

Cash Management

The School Corporation did not have effective procedures in place to ensure that the food service account balance did not exceed the three months average expenditures.

Program Income

Proper controls were not in place during the audit period to ensure that program income was properly accounted for in the financial records. There was a lack of segregation of duties and weaknesses in controls over the collection of monies at the cafeteria related to the sale of meals and the collection of funds on prepaid accounts. One person (cafeteria manager at each school) was responsible for recording of the monies collected, preparation of the deposit ticket, depositing the money, and making adjustment to student meal accounts.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Reporting

The Food Service Director submitted the Sponsor Claim (claims for reimbursement) with information obtained from reports generated monthly from the cafeteria software. There was no information presented for audit that these reports or the Sponsor Claim (claims for reimbursement) were reviewed by anyone other than the Food Service Director or had other compensating controls.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The Food Service Director determined eligibility for free and reduced lunches and was also responsible for verification of these applications. There was no evidence of compensating controls or reviewed or approved by anyone other than the Food Service Director.

Special Tests and Provisions - School Food Accounts

Proper controls were not in place related to the school food accounts. There was no evidence presented for audit that the prepaid meal control account was being reconciled with the subsidiary student meal account records to ensure that all financial activity flowing through the subsidiary student records were being recorded in the financial statement.

Context

Internal control issues were present throughout the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal controls that included segregating key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2015-007

Subject: Title I Grants to Local Educations Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-0940, 14-0940, 15-0940
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

The School Corporation had not established adequate controls to ensure that supporting documentation as to the reason for a student's removal from the cohort was retained for audit.

Context

Supporting documentation to support the reason for the student's removal from the cohort for 15 of the 25 students was not presented for audit.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

34 CFR 80.42(e) states:

"Access to records-(1) *Records of grantees and subgrantees.* The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts."

34 CFR 200.19(b)(ii)(B) states:

"To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.
- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

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

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-008

Subject: Internal Controls over Title I Grants to Local Educational Agencies
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-0940, 14-0940, 15-0940
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles, Cash Management, Period
of Availability of Federal Funds, Reporting, Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Allowable Costs/Cost Principles, Cash Management, Period of Availability of Federal Funds, Reporting, and Eligibility.

*Allowable Costs/Cost Principles, Cash Management,
Period of Availability of Federal Funds, and Reporting*

Evidence was not presented to indicate sufficient supporting documentation was reviewed for expenditures charged to the program and requested for reimbursement, in order to ensure compliance with the Allowable Costs, Cash Management, Period of Availability, and Reporting compliance requirements.

Reimbursement requests presented for audit were supported only by year to date expenditure reports attached to the requests. Upon request, the detail expenditure report for the reimbursement request period were obtained for the five reimbursement requests that were tested. Three out of the five detail expenditure reports contained large numbers of adjusting entries. These adjusting entries consisted primarily of reversals of charges incorrectly made to the program including charges that were made after the period of availability. Without a detail expenditure report for the reimbursement period and supporting documentation for the adjustments, the designated reviewer of the requests would not have been able to ensure the amounts requested for reimbursement were for allowable costs, expenses incurred prior to the reimbursement request, costs incurred during the period of availability, or that the reimbursement reports were accurate.

Eligibility

The School Corporation had not established effective controls over the electronic application process.

WEST CLARK COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the enrollment and poverty data for both public and nonpublic schools reported in the grant applications were accurate. There was no segregation of duties, such as an oversight, review, or approval process or other compensating controls. As a result, the records provided by the School Corporation for the public enrollment and public poverty data did not agree with the Eligible School Summary Reports in the Title I grant applications for the 2014 and 2015 grants.

Context

The lack of properly designed or implemented internal controls over the compliance requirements listed above was evident for all awards during both years of the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

SCHOOL BOARD

Joe Basham, President
Brian Hurst, Vice President
Doug Coffman, Secretary
Brian Guernsey, Member
Crystal Gunther, Member

West Clark Community Schools

601 RENZ AVENUE
SELLERSBURG, IN 47172
O: 812-246-3375 F: 812-246-9731
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"Pathways for Everyone"

ADMINISTRATION

Chad Schenck, Supt. of Schools
R. Mac Dyer, Assoc. Supt.
Dr. John Reed, Asst. Supt.
Thomas Brillhart, Asst. Supt.

CORRECTIVE ACTION PLAN

FINDING 2015 – 001

Contact Person Responsible for Corrective Action:
Contact Phone Number:

R. Mac Dyer
(812) 246-3375

Views of responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

All federal awards will be reported on the SEFA via the Annual Report in Gateway each school year by the Deputy Treasurer. Federal award folders and the CFDA website should be utilized to confirm the correct CFDA numbers and identifying award numbers are used on the SEFA. The Special Ed Cluster will include any amounts spent by the Greater Clark County Special Education Coop per their reports submitted for each school year, since they are the LEA for these grants through June 30, 2017. School Lunch Commodities are to be included on the SEFA under the Federal Non Cash Assistance column. All federal award folders will be given to the Associate Superintendent/Treasurer for verification before the SEFA is submitted for final approval in Gateway.

Anticipated Completion Date:

This Finding will be completed by the end of the 2017-2018 school year.

MISSION STATEMENT

West Clark Community Schools' mission is to provide engaging opportunities that prepare students to meet tomorrow's challenges.
AN EQUAL OPPORTUNITY EMPLOYER

R Mac Oger
(Signature)

Assoc. Supt./Treasurer
(Title)

7/5/17
(Date)

SCHOOL BOARD

Joe Basham, President
Brian Hurst, Vice President
Doug Coffman, Secretary
Brian Guernsey, Member
Crystal Gunther, Member

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“Pathways for Everyone”

ADMINISTRATION

Chad Schenck, Supt. of Schools
R. Mac Dyer, Assoc. Supt.
Dr. John Reed, Asst. Supt.
Thomas Brillhart, Asst. Supt.

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: R. Mac Dyer
Contact Phone Number: (812) 246-3375

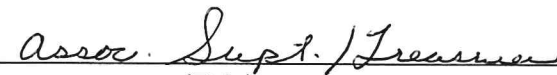
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: A reconciliation of the financial check register and the payroll check register will be conducted by the Deputy Treasurer on a monthly basis to coincide with the production of the claim docket for the first school board meeting of each month. This process will ensure that all checks have been accounted for in the financial system, and they have all been reported on the claim docket for school board approval. To implement proper internal controls for this procedure and other financial transactions, bank reconciliations will be completed by the Accounting Clerk.

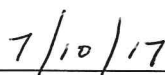
Anticipated Completion Date: The finding will be completed by the end of the 2017-2018 school year.



(Signature)



(Title)



(Date)

MISSION STATEMENT

West Clark Community Schools' mission is to provide engaging opportunities that prepare students to meet tomorrow's challenges.
AN EQUAL OPPORTUNITY EMPLOYER

SCHOOL BOARD

Joe Basham, President
Brian Hurst, Vice President
Doug Coffman, Secretary
Brian Guernsey, Member
Crystal Gunther, Member

West Clark Community Schools

601 RENZ AVENUE
SELLERSBURG, IN 47172
O: 812-246-3375 F: 812-246-9731
www.wclark.k12.in.us

“Pathways for Everyone”

ADMINISTRATION

Chad Schenck, Supt. of Schools
R. Mac Dyer, Assoc. Supt.
Dr. John Reed, Asst. Supt.
Thomas Brillhart, Asst. Supt.

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: R. Mac Dyer
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: During the 2016-2017 school year West Clark Community Schools engaged a food service management company. Part of their responsibility is to insure all vendors that provide product for the food service certify that they have the required certificates indicating that they are not suspended or debarred from selling product(s) to public entities.

Anticipated Completion Date: The finding is fully resolved as of the 2016-2017 school year.

FINDING 2015-004

Contact Person Responsible for Corrective Action: R. Mac Dyer
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: During the 2016-2017 school year an additional person was hired and trained in dealing with free and reduced applications and to help with segregation of duties. The individual along with food service director work together to maintain that applications are properly maintained and filed, all information on the application is properly completed along with all backup material, cross checking between the food service director and individual for accuracy of application of benefits.

Anticipated completion Date: The finding will be fully resolved by the beginning of the 2017-2018 school year.

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AN EQUAL OPPORTUNITY EMPLOYER

FINDING 2015-005

Contact Person Responsible for Corrective Action: R. Mac Dyer
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: During the 2016-2017 school year the food service director is to use the Paid Lunch Equity Price Calculator to establish the appropriate lunch price and maintain a copy of the equity tool for verification. An additional control was developed at the end of the 2016-2017 school year to have the food service management company also complete the equity tool for correctness.

Anticipated Completion Date: The finding is fully resolved for the 2016-2017 school year.

FINDING 2015-006

Contact Person Responsible for Corrective Action: R. Mac Dyer
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Control to insure that the account balance in the food service does not exceed three months average expenditures will be accomplished by having the deputy treasurer calculate the average expenditures for the month and then having the food service director verify the calculation.

Control to insure that there is a proper segregation of duties over the collection of monies at the cafeteria will be accomplished by having the cafeteria manager only make the deposit to the bank and not work as a cashier or make adjustments to student meal accounts. The accounting clerk will be the only one to make

adjustments to the meal counts.

Control to insure that a review was completed to verify that the monthly reimbursement claims are reviewed will be accomplished by having the food service management company generate the monthly claims for reimbursement and the food service director verify and sign off on the claim for reimbursement.

Control to insure that someone other than the food service director is available to review or approve assistance applications is rectified by by the use of an additional individual to work with the food service director.


The deputy treasurer will reconcile the prepaid meal control account using a worksheet designed for the function, at least on a monthly basis. The reconciliation will be approved by the food service director.

Anticipated Completion Date:

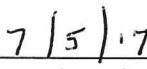
The finding is fully resolved by the end of the 2017-2018 school year.



(Signature)



(Title)



(Date)

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Thomas Brillhart, Asst. Supt.

CORRECTIVE ACTION PLAN

FINDING 2015-007

Contact Person Responsible for Corrective Action: Clemen Perez-Lloyd
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Starting July 26, 2017 the Superintendent will establish with the building principals a process using the district student data management system that identifies student with ten (10) consecutive days of absence, students that do not show up at the beginning of school or students that are marked absent without reason. Students in these categories will be flagged at the central office and a report will be generated monthly for the Superintendent to determine appropriate action. The Superintendent can elect to send an attendance officer with the school resource officer to hunt for unaccounted students or have the building principal track the unaccounted students. The Superintendent will sign off on all students that have been identified as unaccounted for with the corresponding exit report (IDOE forms) signed by the building principal and attendance officer.

The Superintendent will verify the students in each cohort to be check against the graduating class each year. The final cohort report will be kept on file at central office identifying students retained in a cohort and students who left the cohort with a corresponding reason using codes provided by the State of Indiana. The cohort report will be signed by the Superintendent, the building principal and the attendance officer.

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AN EQUAL OPPORTUNITY EMPLOYER

Anticipated Completion Date: The finding is fully resolved as of the 2017-2018 school year.

FINDING 2015-008

Contact Person Responsible for Corrective Action: R. Mac Dyer, John Reed
Contact Phone Number: (812) 246-3375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Grants Director and Deputy Treasurer will meet every two weeks, coinciding with payroll dates, to go over the transactions charged to the Title I Program. Detailed expenditure reports will be presented for the current time period and reconciled. A reimbursement request will be completed and submitted with the approval of the Grants Director after reconciliation of the fund. Meeting every two weeks will lessen the need for adjustments and alleviate noncompliance with the grant agreement and the compliance requirements.

The accounting clerk will secure all free and reduce applications including direct certification beginning with school registration and continuing throughout the year. All students qualifying for free and reduce lunch will be enter into the student data manager system by technology personnel. These entries will be verified by the Associate superintendent and the Assistant Superintendent of curriculum and instruction. This data will be submitted to the state in the DOE- TI report. After the state designated time for cleaning up the TI report in October will be compared to the data that is in the District student data manager system, this will generate a report by which discrepancies can be corrected or reason for the discrepancy can be verified. This report will be signed off by the Associate Superintendent and the Assistant superintendent of Instruction by October 30, 2017.

Anticipated completion Date:

The finding will be fully resolved by the end of the 2017-2018 school year for the first paragraph. The finding for the second paragraph will be fully resolved by the beginning of the 2017-2018 school year.

R. Mac Jee
(Signature)

Assoc. Supt. / Treasurer
(Title)

7/19/2017
(Date)

WEST CLARK COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

TEXTBOOK RENTAL CHARGES

The following schedule provides examples of textbook rental rates charged in excess of the maximum 25 percent rate:

Grade and Description	Retail Book Price	(1) Maximum Textbook Rental Charge	(2) Textbook Rental Charge	Excess Rental Charge Per Book
3rd Grade Math Connects	\$ 66.00	\$ 16.50	\$ 20.63	\$ 4.13
4th Grade Math Connects	66.00	16.50	20.63	4.13
5th Grade Math Connects	66.00	16.50	20.63	4.13
5th Grade Saxon Math	56.70	14.18	17.72	3.54
Jr/Sr High School Comp. Applications/Microsoft Office 2003	56.00	14.00	28.85	14.85
Jr/Sr High School Adv.Comp Applii/Microsoft Office 2003	56.00	14.00	26.55	12.55
Jr/Sr High School Desktop Publishing/Microsoft Publisher 2003	37.75	9.44	16.14	6.70
Jr/Sr High School Digital Communication Tool/Microsoft One Note 2003	18.75	4.69	7.50	2.81
Jr/Sr High School Digital Communication Tool/Digi Tools	44.00	11.00	12.55	1.55
Jr/Sr High School Chemistry II HHS	121.97	30.49	31.25	0.76
Jr/Sr High School CIW Site Development Associate	37.00	9.25	24.66	15.41
Jr/Sr High School CIW Internet Business Associate	37.00	9.25	24.66	15.41

Notes to Schedule:

(1) Allowable rate to be charged using statutory maximum 25 percent.

(2) Rate approved by the School Board.

A similar comment was in the prior Reports B40159 and B44828.

Indiana Code 20-26-12-2(a) states:

"A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials."

WEST CLARK COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Chad Schenck, Superintendent of Schools; R. Mac Dyer, Treasurer; Joe Basham, President of the School Board; Dr. J. McLean Reed, Assistant Superintendent of Schools; Clemen Perez-Lloyd, Title I Director; and Patty Kelley, Deputy Treasurer.