

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITKO COMMUNITY SCHOOL CORPORATION

KOSCIUSKO COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
03/14/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2016-001	
Child Nutrition Cluster - Allowable Costs/Cost Principles .....	4-7
Finding 2016-002	
Child Nutrition Cluster - Equipment and Real Property Management .....	7-9
Finding 2016-003	
School Breakfast Program and National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) .....	9-11
Finding 2016-004	
Child Nutrition Cluster - Internal Controls .....	11-13
Finding 2016-005	
Special Education Cluster (IDEA) - Allowable Costs/Cost Principles .....	13-15
Corrective Action Plan.....	16-18
Exit Conference.....	19

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas S. McFarland Michelle L. Babcock	07-01-14 to 09-13-15 09-14-15 to 06-30-18
Superintendent of Schools	Steven R. Clason	07-01-14 to 06-30-18
President of the School Board	Deborah Collier Joseph A. Begley Georgia Tenney Jorell Tucker	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WHITKO COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Whitko Community School Corporation (School Corporation), for the period from July 1, 2014 to June 30, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

February 22, 2018

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2016-001***

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*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 Allowable Costs/Cost Principles compliance requirement.

*Context*

Management of the School Corporation had not established an effective internal control system to ensure that only allowable costs were paid with food service program funds. Internal control issues were systematic, occurring throughout the audit period. The School Corporation charged indirect costs directly to the food service program, rather than to charge the Indirect Cost Unrestricted Rate. The School Corporation also charged utilities expenses as a lump sum indirect cost, rather than using the Indirect Cost Unrestricted Rate or another approved rate. This was in violation of the requirement that all federal programs be handled consistently for applying indirect costs.

The following indirect costs charged directly to the food service program are considered questioned costs:

1. The food service program paid 12.5 percent of custodians' salaries for fiscal year 2014-2015 and fiscal year 2015-2016. The custodians did not maintain Personnel Activity Reports or documentation of personnel expenses to support the percentage of their salary being charged to the food service program. The amount of custodial salaries charged to the food service program without proper supporting documentation totaled \$43,250.
2. The food service program charged amounts for Workers Compensation Insurance premiums directly to the School Lunch fund for fiscal year 2014-2015 and fiscal year 2015-2016 rather than using the Indirect Cost Unrestricted Rate. Total amount of Workers Compensation Insurance premiums charged directly to the food service program totaled \$5,302.

The following represents costs charged indirectly to the food service program without using the Indirect Cost Unrestricted Rate and are considered questioned costs:

The food service program paid a set amount of \$27,500 in fiscal year 2014-2015 and \$30,000 in fiscal year 2015-2016 for utilities that were charged indirectly. This amount was not determined using the Indirect Cost Unrestricted Rate, rather it was a flat rate arbitrarily decided on by management of the School Corporation and allocated among the schools in the School Corporation.

WHITKO COMMUNITY SCHOOL CORPORATION  
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 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). . . ."

OMB Circular A-87, Attachment A, section C.1 states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented."

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award . . .

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(d) They must be signed by the employee. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

*"Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system at the School Corporation enabled non-compliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

Known questioned costs identified totaled \$105,652.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-002**

Subject: Child Nutrition Cluster - Equipment and Real Property Management  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Modified Opinion

*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 Equipment and Real Property Management compliance requirement.

*Context*

The School Corporation had a lack of internal controls and had not maintained property records throughout the audit period.

The School Corporation did not maintain property records that included a description of the property, a serial number or other identification number, the source of the property, who holds the title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, and use and condition of the property.

*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. . . ."

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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). . . ."

7 CFR 3016.32(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated. . . ."

2 CFR 200.313(d) states:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured that appropriate property records were maintained.

*Effect*

The failure to establish an effective internal control enabled noncompliance to go undetected. The failure to comply with the grant agreement and 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 Equipment and Real Property Management compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-003**

Subject: School Breakfast Program and National School Lunch Program -  
Special Tests and Provisions - Verification of Free and Reduced  
Price Applications (NSLP)

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): FY14-15, FY15-16

Pass-Through Entity: Indiana Dept of Education

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

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The verification process was performed on a predetermined percentage of applications. For the 2014-2015 and 2015-2016 school years, a total of 16 applications were verified by the School Corporation officials, as required. Of the 16 verified applications tested, one application from the 2014-2015 school year resulted in an incorrect eligibility determination. The incorrect eligibility determination was due to using the prior year's Federal W-2 wage and tax statement rather than current income.

*Context*

Internal control issues were systemic, occurring throughout the audit period, and this resulted in noncompliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*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 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). . . ."

7 CFR 245.6a(f)(7) states:

"*Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

*Cause*

The School Corporation had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-004**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16

Pass-Through Entity: Indiana Dept of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests  
and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*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, Eligibility, Reporting, and Special Tests and Provisions - Paid Lunch Equity.

*Cash Management (School Breakfast Program and National School Lunch Program)*

Management of the School Corporation had not established documented controls to ensure the School Lunch fund cash balances did not exceed the three months average expenditures.

*Eligibility*

There were no controls in place to ensure that eligibility determinations were performed when required or were accurate. The Cafeteria Manager at Pierceton Elementary School independently completed the eligibility determinations. There was no segregation of duties, such as an oversight, review, or approval process.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports, School Food Authority (SFA) Verification Collection Reports, and Monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program)*

There were no controls in place to ensure that Paid Lunch Equity calculations were completed when required or were accurate. The Director of Financial Operations completed and submitted the Paid Lunch Equity Calculator. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of properly designed and implemented controls was a systemic problem, which occurred 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

The School Corporation had not established and implemented an effective internal control system 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 programs.

*Questioned Costs*

There were no questioned costs identified.

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and 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 2016-005**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-045-PN01, 14214-045-PN01,  
99914-045-TA01, 14215-146-PN01,  
14216-115-PN01, 45713-045-PN01,  
45714-045-PN01, 45715-146-PN01

Pass-Through Entity: Indiana Dept of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not implemented adequate controls to ensure that Semi-Annual Certifications and Personnel Activity Reports or other documentation of personnel expenses were prepared.

*Context*

Based on testing of 6 payroll periods during the period under audit, Semi-Annual Certifications or other documentation of personnel expenses were not prepared for any employees requiring certification and Personnel Activity Reports or other documentation of personnel expenses were not prepared in 21 of 32 reports.

*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. . . ."

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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). . . ."

OMB A-87 Attachment B, section 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

WHITKO COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

The School Corporation was not aware of this compliance requirement during the audit period. Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled 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 controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**CORRECTIVE ACTION PLAN**

Audit Period 7/1/14-6/30/16

***FINDING 2016-001***

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko Community School Corporation already has Indirect Cost Rates assigned by the IDOE to be used with this fund and is currently making the necessary corrections for SY 2017-2018. The custodial salaries and workers compensation that were charged directly to the food service program will be added to the indirect rate and the indirect rate applied to the food service program will be approved by the school board and then transferred accordingly.

Anticipated Completion Date: Anticipated Completion March 2018.

***FINDING 2016-002***

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko Community School Corporation will create and maintain a list of all equipment with an acquisition value over \$5000 purchased with the food service program funds. The list will be reviewed annually and updated accordingly as changes accrue by the Director of Financial Operations and the Director of Operations.

Anticipated Completion Date: June 30, 2018.

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Michelle Babcock  
Contact Phone Number: 260-327-3677  
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko School Corporation will review and adjust their internal controls procedures regarding eligibility and verification. The employees have been trained in the procedures and will continue yearly to be trained on any additional procedures or changes.

Anticipated Completion Date: Partially completed February 20, 2018 anticipated completion June 30, 2018.

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Michelle Babcock  
Contact Phone Number: 260-327-3677  
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko School Corporation will review and adjust the internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system, the corporation treasurer will prepare the annual financial report, PLE, and Non-Program food reports and they will be verified by the Deputy Treasurer of the school corporation. The monthly reports consisting of school lunch claim, cafeteria fund balance, pre-paid food fund balance will be prepared by the Corporation Treasurer and verified by the Deputy Treasurer of the school corporation and the reports will continue to be approved by the School Board.

Anticipated Completion Date: Completed January 31, 2018.

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Michelle Babcock and Heather Butcher

Contact Phone Number: 260-327-3677

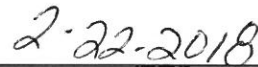
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko School Corporation has already implemented the time and effort logs to support the personnel salary for the Special Education Cluster with the SY 2017-2018.

Anticipated Completion Date: Completed August 1, 2017.



Michelle Babcock  
Director of Financial Operations



Date

WHITKO COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2018, with Jorell Tucker, President of the School Board; Steven R. Clason, Superintendent of Schools; and Michelle L. Babcock, Treasurer.