

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST NOBLE SCHOOL CORPORATION

NOBLE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
03/15/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Fought	07-01-14 to 12-31-18
Superintendent of Schools	Dr. Dennis VanDuyne Galen Mast	07-01-14 to 06-30-17 07-01-17 to 06-30-18
President of the School Board	Jeana Leamon Todd Moore	07-01-14 to 12-31-15 01-01-16 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the West Noble 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 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/](http://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 Results and Comments 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, were not verified for accuracy.

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

January 30, 2018

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2016-001***

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

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-001.

*Condition*

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for government units (Gateway), which is a financial reporting system used to compile the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control process in place to ensure its accuracy before submission.

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$541,911 for fiscal year 2015 and \$186,498 for fiscal year 2016.
2. The Special Education Cluster (IDEA) expenditures were understated by \$52,191 for fiscal year 2015 and \$27,066 for fiscal year 2016.
3. The Migrant Education State Grant Program expenditures were overstated by \$5,659 for fiscal year 2016.

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.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_\_\_\_.310. . . ."

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."

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 Financial statements. . . ."

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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 Basis for determining Federal awards expended. 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 CFDA number or other identifying number when the CFDA 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 Basis for determining Federal awards expended, paragraph (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 Indirect (F&A) costs."

*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 *Context*.

*Recommendation*

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

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
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): 14-6065, 15-6065, 16-6065  
Pass-Through Entity: Indiana Department 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 in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Personnel Activity Reports or equivalent documentation of personnel expense were not prepared for all employees who were paid partially from Title I funds. In addition, no controls were in place over the Allowable Costs/Cost Principles compliance requirement.

*Context*

The School Corporation failed to maintain Personnel Activity Reports or equivalent documentation of personnel expense for employees paid partially from Title I funds. Additionally, no controls were in place over the Allowable Costs/Cost Principles compliance requirement 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). . . ."

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

OMB A-87 Attachment B, section 8h(4) states:

"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). . . .
- (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. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states: "Employees who work on multiple activities must maintain a time and effort log at least once a month."

*Cause*

The School Corporation had not established and implemented an effective internal control system to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls 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.

**FINDING 2016-003**

Subject: Title I Grants to Local Educational Agencies - Eligibility, Earmarking,  
Special Tests and Provisions - Participation of Private School  
Children, Special Tests and Provisions - Schoolwide Programs

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): 14-6065, 15-6065, 16-6065

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Matching, Level of Effort, Earmarking, Special Tests  
and Provisions - Participation of Private School Children,  
Special Tests and Provisions - Schoolwide Programs

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: Eligibility, Matching, Level of Effort, Earmarking, Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Schoolwide Programs.

There were no documented controls in place to ensure the Eligibility, Earmarking, Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Schoolwide Programs were properly determined when completing the Title I applications. One employee completed and submitted the Title I applications. The School Corporation had a control in place to ensure a separate review of the Title I applications; however, there was no documentation that the control was implemented.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

The School Corporation had not implemented adequate policies and procedures to ensure that the Title I Grant applications, including eligibility determinations, earmarking requirements, guidelines for participation of private schools, and guidelines for schoolwide programs, were accurate prior to submission. One person prepared and submitted the Title I grant applications with no visible documentation of the indicated review. There was no documentation of a segregation of duties, such as an oversight, review, or approval process.

*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 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.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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: School Breakfast Program and Summer Food Service Program for Children - Cash Management, Procurement and Suspension and Debarment, and Reporting and National School Lunch Program - Cash Management, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Paid Lunch Equity  
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): FY 14-15, FY 15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Paid Lunch Equity  
Audit Finding: Material Weakness

*Repeat Finding*

This a repeat finding from the immediate prior audit. The prior audit finding numbers were 2014-003, 2014-006, 2014-008, and 2014-009.

*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, Procurement and Suspension and Debarment, Reporting, and Special Tests and Provisions - Paid Lunch Equity.

*Cash Management*

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

*Procurement and Suspension and Debarment*

The School Corporation solicited and awarded bids for milk and bread during the audit period. Management did not establish controls to ensure milk and bread vendors were not suspended or debarred prior to the bid award. In addition, the School Board reviewed the recommended bid award for a third-party group purchasing service prior to bid award. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Monthly Sponsor Claims (claims for reimbursements) and School Food Authority (SFA) Verification Collection Reports 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.

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure Special Tests and Provisions - Paid Lunch Equity requirements were properly calculated and considered. The calculation was made by one individual. 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.

WEST NOBLE 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 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 2016-005**

Subject: Child Nutrition Cluster - Program Income

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): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-007.

*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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Program Income was properly recorded. There was no evidence of controls to ensure that receipts generated from cafeteria sales were properly recorded. Daily food service collection reports were not reconciled at the point of service to determine that meals served were properly accounted for as cash sales or prepaid lunches applied. In addition, the School Corporation did not maintain daily food service collection reports. As a result, the assessing, collecting, and recording of program income could not be verified.

*Context*

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period.

WEST NOBLE 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). . . ."

7 CFR 3016.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees . . .

(b) *Length of retention period.*

(1) Except as otherwise provided, records must be retained for three years . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not established and implemented an effective internal control system to ensure that documentation was maintained and made available for audit relating to the Program Income compliance requirement.

*Effect*

The failure to establish an effective internal control system and properly maintain daily food service collection reports prevented the testing of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

WEST NOBLE SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the Program Income compliance requirement.

*Views of Responsible Officials*

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

# West Noble School Corporation

GALEN MAST, Superintendent  
CANDICE HOLBROOK, Curriculum Coordinator

BOARD OF TRUSTEES  
Todd Moore, President  
Joe Hutsell, Vice President  
David Peterson, Secretary  
Kathy Hagen, Member  
Donna Schwartz, Member  
Travis Stohlman, Member  
Joshua Vargas, Member

## **FINDING 2016 -001            PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Corrective Action Plan:        West Noble School Corporation strives to submit timely and accurate information, as well as have proper internal controls in place. A material weakness was discovered. The Treasurer will work with the Grant Administrator to determine that accurate information is reported. The Superintendent will review and sign off on the work papers.

Anticipated Completion Date:    July 1, 2018  
Contact Person:                    Barbara Fought  
Title:                                    Treasurer  
Phone Number:                      260-894-3191, ext 5003

## **FINDING 2016-002            TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – ALLOWABLE COSTS/COSTS PRINCIPALS**

Corrective Action Plan:        Effective February 1, 2018, employees paid from Title I Funds will complete a time and effort log regardless of the program.

Anticipated Completion Date:    February 1, 2018  
Contact Person:                    Barbara Fought  
Title:                                    Treasurer  
Phone Number:                      260-894-3191, ext 5003

## **FINDING 2016 – 003            TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – INTERNAL CONTROLS**

Corrective Action Plan:        The Title I Grant Administrator will have the application and supporting documentation reviewed by the Treasurer prior to grant submission.

### Corrective Actions

Anticipated Completion Date: July 1, 2018  
Contact Person: Barbara Fought  
Title: Treasurer  
Phone Number: 260-894-3191, ext 5003

**FINDING 2016-004 CHILD NUTRITION CLUSTER – CASH MANAGEMENT, PROCUREMENT AND SUSPENSION AND DEBARMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS FOR PAID LUNCH EQUITY**

**Corrective Action Plan: CASH MANAGEMENT** – West Noble School Corporation is aware of the Federal regulation that an operating balance be equal to or less than 3 months average of operating expenses. However, the number of students receiving free/reduced benefits exceeds 60%. It is challenging to maintain the recommended cash balance with the high amount of students receiving benefits. West Noble will continue to strive to maintain the recommended cash balance.

**PROCUREMENT AND SUSPENSION AND DEBARMENT** – West Noble School Corporation joined a cooperative bid sponsored by the Region 8 Educational Service Center, which meets all of the regulations for the procurement and suspension and debarment, starting with the 16/17 school year. The corrective action happened outside of the audit period.

**REPORTING** – The Treasurer will review and sign off of the claim information prior to filling the claim for reimbursement with the IDOE.

**SPECIAL TEST AND PROVISIONS FOR PAID LUNCH EQUITY** - The Superintendent will review the Paid Lunch Equity prior to the filing of the information with the IDOE.

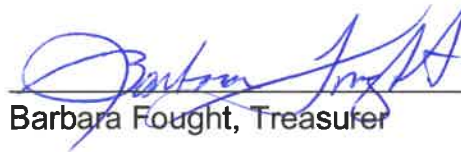
Anticipated Completion Date: July 1, 2018  
Contact Person: Barbara Fought  
Title: Treasurer  
Phone Number: 260-894-3191, ext 5003

**FINDING 2016-005      CHILD NUTRITION CLUSTER – PROGRAM INCOME**

Corrective Action Plan:      West Noble School Corporation is reviewing, and has plans to purchase, a point of sale system which shares information with the student information system, as well as produces the necessary reports so that a review can be done against productions records.

Anticipated Completion Date:      July 1, 2018  
Contact Person:      Barbara Fought  
Title:      Treasurer  
Phone Number:      260-894-3191, ext 5003

Respectfully Submitted:

  
Barbara Fought, Treasurer

1-30-2018  
Date

WEST NOBLE SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***ERRORS ON ANNUAL FINANCIAL REPORT***

We noted several errors in the Other Information to be presented with the School Corporation's financial statements.

Schedule of Payables and Receivables (schedule): There were no verifiable reports to support the amounts in this schedule. This schedule has been omitted from the financial statement.

Schedule Leases and Debt: Several of the Debt Instruments listed were either classified incorrectly or reported an incorrect ending principal balance.

Schedule of Capital Assets: Buildings were understated by over \$35,000,000 and Improvements by \$4,000,000.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

***SCHOOL FOOD SYSTEMS - PREPAID FOOD ACCOUNTS***

The School Corporation did not reconcile their prepaid lunch detail to the control. The system could not generate a prepaid lunch detail report for June 30, 2016, to test if the detailed student account balances reconciled to the control. As of June 30, 2016, the control balance was \$12,489.19.

Our opinion is that money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 1)

WEST NOBLE SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2018, with Barbara Fought, Treasurer; Galen Mast, Superintendent of Schools; Todd Moore, President of the School Board; and Candice Holbrook, Director of Curriculum, Instruction, and Assessment.