

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WARSAW COMMUNITY SCHOOLS

KOSCIUSKO COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED

04/12/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Erica M. Purvis April F. Fitterling | 01-01-14 to 08-14-16 08-15-16 to 12-31-18 |
| Superintendent of Schools | Dr. David A. Hoffert | 07-01-14 to 06-30-18 |
| President of the School Board | Jennifer K. Tandy Heather Reichenbach | 01-01-14 to 12-31-16 01-01-17 to 12-31-18 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Warsaw Community Schools (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/.

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

March 21, 2018

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2016-001

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

Repeat Finding

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

Condition

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which is the source for the Schedule of Expenditures of Federal Awards (SEFA).

Context

Due to the lack of controls, the SEFA contained the following errors:

1. The Adult Education - Basic Grants to States grants were overstated by \$2,585,611 and \$204,647 for school years 2014-2015 and 2015-2016, respectively.
2. The Special Education Cluster (IDEA) cluster was overstated by \$144,266 for school year 2015-2016.
3. The Medicaid Cluster expenditures were understated \$33,665 and \$33,319 for school years 2014-2015 and 2015-2016, respectively.
4. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) grant of \$47,419 for school year 2014-2015 was not presented on the SEFA.
5. The Mathematics and Science Partnerships grants were originally shown incorrectly as Catalogue of Federal Domestic Assistance (CFDA) number 84.367 instead of 84.366. Grant identifying numbers were incorrect also.
6. The Supporting Effective Instruction State Grants were shown with an incorrect Program Title.

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:

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

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

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

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. . . ."

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.

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

- (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 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.

FINDING 2016-002

Subject: Child Nutrition Cluster - Reporting, 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,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): 4415

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior report. The prior audit finding number was 2014-003.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Reporting

The School Corporation had not established an effective control to ensure that required reports were complete and accurate prior to submission. The Annual Financial Report and Verification Summary Report were prepared by one individual without an oversight, review, or approval process.

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

The School Corporation had not established an effective control to ensure that the verification of eligibility determinations for free and reduced price meals were accurate. The verification process was completed by one individual with no additional review or oversight to ensure accuracy.

Context

The lack of 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's 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 programs.

WARSAW COMMUNITY SCHOOLS
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 Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements of the Child Nutrition Cluster.

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 Grant to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4415, 15-4415, 16-4415
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior report. The prior audit finding number was 2014-009.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation had not implemented adequate controls to ensure that time and effort documentation was prepared and/or approved.

Semi-Annual Certifications or time and effort logs were not available for six out of sixteen employees tested. Time and effort logs were not always signed by someone knowledgeable of the work performed by the employees. Reports substantiating substitute teacher time and effort for all substitutes tested were not available for audit.

Context

The lack of controls and noncompliance were systemic issues and occurred throughout the audit period.

WARSAW 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 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 B, section 8(h)(3) states:

"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."

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 allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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:

- **TAS Programs:**

"Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

- **School wide programs:**

"If a school-wide program consolidates funds in a single account, an employee paid with funds from the single account is not required to file a semi-annual certification. If a school-wide program does not consolidate funds, employees working solely on a single Federal program must complete semi-annual certifications.

If a school-wide program does not consolidate funds, employees working on multiple programs must maintain a time and effort log at least once a month."

Cause

Management 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. Noncompliance 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 comply 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.

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2016-004

Subject: Special Education Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027 and 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-045-PN01, 14215-045-PN01,
14216-043-PN01, 14214-045-PN01,
99914-045-TA01, 45713-045-PN01,
45714-045-PN01, 45715-045-PN01,
45716-045-PN01

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. The School Corporation had not implemented adequate controls to ensure that time and effort documentation was prepared and/or approved.

Time and effort reports maintained by the School Corporation did not have proper documentation. For employees paid from multiple funds, the time and effort reports showed the total minutes worked in the private, public, and home school setting per quarter rather than the required daily reporting of time worked on special education. Since the time and effort reports only provided the hours the employee worked in the private, public, and home school setting and not the time worked on special education or total time worked per quarter, it could not be established that certain employee's wages paid from special education programs were accurate and allowable.

Context

The lack of controls and noncompliance were systemic issues and 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

WARSAW COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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 B, section 8(h)(3) states:

"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."

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 allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

Cause

Management 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. Noncompliance 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.

WARSAW 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 comply 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 2016-005

Subject: Mathematics and Science Partnerships - Reporting

Federal Agency: Department of Education

Federal Program: Mathematics and Science Partnerships

CFDA Number: 84.366

Federal Award Numbers and Years (or Other Identifying Numbers): A58-3-13CI-1272, A58-5-15CI-2281,
A58-5-15CI-2878

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation did not design or implement adequate policies and procedures to ensure that all Reporting requirements were followed. There were no Final Expenditure Reports filed at the end of the grant period.

Context

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

WARSAW COMMUNITY SCHOOLS
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). . . ."

34 CFR 80.41 states in part:

"(a) *General.*

(1) Except as provided in paragraphs (a) (2) and (5) of this section, grantees will use only the forms specified in paragraphs (a) through (e) of this section and such supplementary or other forms as may from time to time be authorized by OMB for:

(i) Submitting financial reports to Federal agencies . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements . . .

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The School Corporation's management had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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.

WARSAW 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 comply with the Reporting 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

FINDING 2016-001

Contact Person Responsible for Corrective Action: April Fitterling
Contact Phone Number: 574-371-5083 x 2491

Views of Responsible Official:

Description of Corrective Action Plan:

With the SEFA being a new report at the time of the audit period, we feel that with the instructions that were given for the report, it was completed to the best of our ability at the time. The findings for the SEFA were fixed immediately for the two school years audited and the most current. Going forward these will be reported to the best of our knowledge.

Anticipated Completion Date: Immediately

FINDING 2016-002

Contact Person Responsible for Corrective Action: Marci Franks, Director of FNS
Contact Phone Number: 574-371-5086 Ext. #5

Views of Responsible Official:

Description of Corrective Action Plan:

The Annual Financial Report and Verification Summary Report were prepared by one individual without an oversight, review, or approval process.

Annual Financial Report (AFR) controls have been put in to place to provide oversight, review and document the approval process. The first review of the AFR is by the preparer, the Director of Food Services, (FSD) the second review is by the Assistant Director (AD) who verifies the data has been correctly gathered and entered. Any corrections or changes are made with the same steps by the same people. Once the information is verified as correct the AFR is submitted (emailed) to the CFO and district Treasurer for review and input. If no further information is needed and nothing has changed the AFR is submitted to the IDOE by the FSD. A copy is printed with both the FSD and AD initialing this document to verify that the information on the paper document correctly entered and submitted.

The steps taken for Verification Reporting are the same as previous with the exception of two sets of initials not being present on the actual Verification documents. Providing initials as noted here will be a further step in the process of Verification Reporting beginning in 2017-2018 school year:

For Verification, the Administrative Assistant (AA) gathers the data in paper format and enters the information into the system. Prior to submitting the online document, the paper and system information is further verified for accuracy by the Director of Food Services (FSD). After comparing the data (was it gathered correctly) to the information in the system (did the information on the paper document get put into the system properly) the FSD and the AA both initial the Verification form and the FSD submits the report in the system. Once submitted, a copy is printed from the system and initialed by both the FSD and AA, again verifying that the information on both documents remained the same.

Anticipated Completion Date: Immediately

FINDING 2016-003

Contact Person Responsible for Corrective Action: Dani Barkey – Director of Title I
Contact Phone Number: 574-371-5083 x 2491

Views of Responsible Official:

Description of Corrective Action Plan:

Semi-Annual Certifications and effort logs will be completed by all the appropriate employees within the Title I grant. Time and effort logs will be signed by both the employee and the immediate supervisor. Time and effort logs will be completed and available to substantiate substitute teacher time and effort.

Anticipated Completion Date: Immediately

FINDING 2016-004

Contact Person Responsible for Corrective Action: Amy Hobbs – Director of Special Education
Contact Phone Number: 574-371-5083 x 2491

Views of Responsible Official:

Description of Corrective Action Plan: To improve our time and effort reporting WCS contacted the Indiana Department of Education on March 7, 2018 to receive information and clarification regarding the utilization of time and effort reporting for appropriate staff. As of this writing we have not received a response from the Department of Education. WCS has located a guidance document on the Indiana Department of Education's website and will be requesting clarification and approval concerning

appropriate staff to complete the time and effort reporting. After receiving guidance from the Department of Education, WCS will begin utilizing the time and effort reporting documentation.

Anticipated Completion: April 2018

FINDING 2016-005

Contact Person Responsible for Corrective Action: April Fitterling
Contact Phone Number: 574-371-5083 x 2491

Views of Responsible Official:

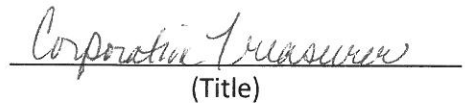
Description of Corrective Action Plan:

With the MSP grants there has been a lot of turn over at the DOE. The person in charge of the MSP grant tried to get someone to turn on the online portal for the Final Expenditure Report, but was never successful. The DOE never requested a report and it was never filed. We contacted the DOE and they did not see it necessary for one to be submitted when we asked about it, in addition, that our final reimbursement request could be utilized as our final report. Going forward any federal grants will be monitored and all reports will be filed.

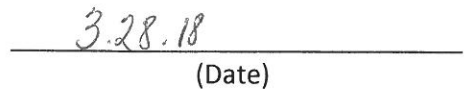
Anticipated Completion Date: Immediately



(Signature)



(Title)



(Date)

WARSAW COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

PREPAID SCHOOL MEAL ACCOUNTS

The Prepaid Lunch fund in the financial records was not reconciled monthly to the subsidiary records by student. At June 30, 2015, the Prepaid Lunch fund was less than the balance of the subsidiary accounts by \$21,958. At June 30, 2016, the Prepaid Lunch fund exceeded the balance of the subsidiary accounts by \$19,337.

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)

WARSAW COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2018, with April F. Fitterling, Treasurer; Dr. David A. Hoffert, Superintendent of Schools; Brandon Penrod, Chief Fiscal Officer; Heather Reichenbach, President of School Board; Randy Polston, School Board member; and Jay Baumgartner, School Board member. A separate exit conference was held with Erica M. Purvis, former Treasurer.