

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
WEST WASHINGTON SCHOOL CORPORATION  
WASHINGTON COUNTY, INDIANA  
July 1, 2014 to June 30, 2016



**FILED**  
04/18/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vickie J. Nice	07-01-14 to 06-30-18
Superintendent of Schools	Gerald W. Jackson Keith A. Nance	07-01-14 to 06-30-15 07-01-15 to 06-30-18
President of the School Board	Rick D. Roberts Brian Farmer Joe Walker, Jr.	07-01-14 to 12-31-14 01-01-15 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE WEST WASHINGTON SCHOOL  
CORPORATION, WASHINGTON COUNTY, INDIANA

This report is supplemental to our audit report of the West Washington 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

April 4, 2018

WEST WASHINGTON 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 control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2015. The School Corporation implemented internal controls during January 2016 and the SEFA for fiscal year 2016 was materially accurate.

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster was excluded from the SEFA in the amount of \$249,664 for fiscal year 2015 and overstated in the amount of \$2,453 for fiscal year 2016.
2. The Special Education Cluster (IDEA) was excluded from the SEFA in the amount of \$241,687 for fiscal year 2015.
3. The Title I Grants to Local Educational Agencies were overstated by \$46,647 for fiscal year 2015 and understated by \$18,831 for fiscal year 2016.
4. The Rural Education grant was overstated in the amounts of \$8,802 for fiscal year 2015 and \$4,898 for fiscal year 2016.
5. The Improving Teacher Quality State Grants program was overstated in the amount of \$4,510 for fiscal year 2016.
6. The High Ability Grant was erroneously reported on the SEFA in the amount of \$28,722. This is a state grant and not a federal grant.
7. Several grants were identified as direct grants when they were actually grants passed through the Indiana Department of Education.

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:

WEST WASHINGTON SCHOOL CORPORATION  
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. . . ."

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."

*Cause*

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

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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.

*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 - Program Income, 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

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

*Condition*

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

*Program Income*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. A Prepaid Food Account, Fund 8400, was established to account for prepaid food, but the account was not being reconciled to the detail of account balances. An oversight, review, or approval process had not been established.

*Reporting*

An effective internal control system was not in place to ensure that the monthly Sponsor Claim (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were accurately prepared and submitted. An oversight, review, or approval process had not been established.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

An effective internal control system was not in place to ensure that verification of free and reduced price applications was completed and that the supporting documentation of the verification process was retained and available for audit. An oversight, review, or approval process had not been established.

*Context*

The lack of controls was a systemic problem 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*

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 above mentioned compliance requirements. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds.

*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 WASHINGTON 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 2016-003**

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

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement. The School Corporation did not keep the paid lunch equity calculation for fiscal year 2015 and did not adjust the prices to agree with the calculation for fiscal year 2016.

*Context*

The School Corporation adjusted the paid lunch prices to the maximum amount of 10 cents for fiscal year 2015, but they did not keep the Paid Lunch Equity calculations for that year. For fiscal year 2016, the School Corporation maintained the Paid Lunch Equity calculations which required the maximum increase of 10 cents. However, the School Corporation increased the prices 25 cents. School Corporation officials indicated the increase was recommended by the Indiana Department of Education; however, supporting documentation could not be located.

*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 WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (6) Records to document compliance with the requirements in § 210.14(e); . . ."

7 CFR 210.14(e) states in part:

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

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

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .

- (4) *Price Adjustments.* (i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement. The School Corporation should also retain all future Paid Lunch Equity calculations.

*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: Title I Grants to Local Educational Agencies - Cash Management and Reporting  
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): 14-8220, 15-8220, 16-8220  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

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

*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 and Reporting.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that reimbursement requests and required reports were accurately prepared. One person was responsible for preparing and submitting the reimbursement requests and reports. There was no evidence to suggest proper segregation of duties such as an oversight or approval process.

*Context*

The lack of controls was a systemic problem, occurring 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. . . ."

WEST WASHINGTON 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). . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the above mentioned compliance requirements. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds.

*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: Title I Grants to Local Educational Agencies - 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): 14-8220, 15-8220, 16-8220

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Schoolwide Programs

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-004.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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 Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Context*

The School Corporation operated a schoolwide Title I program. One of the core elements of a schoolwide program is that an annual evaluation on the implementation of and the results achieved by the schoolwide program must be completed. The evaluation should include a Comprehensive Needs Assessment of the Entire School, Comprehensive Plan Based on Data from the Needs Assessment, Annual Evaluation of the Results Achieved by the Schoolwide Program, and Revision of the Schoolwide Plan Based on that Evaluation.

There was no evidence that an annual evaluation of the schoolwide Title I program had been completed for the period audited. This was a systemic problem for the entire 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). . . ."

34 CFR 200.26 states in part:

"(a) *Comprehensive needs assessment.* . . .

(b) *Comprehensive plan.* . . .

(c) *Evaluation.* A school operating a schoolwide program must -

(1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

*Cause*

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

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, 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 related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2016-006**

Subject: Special Education Cluster (IDEA) - Cash Management and Reporting

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): 14214-056-PN01, 14215-056-PN01,  
45714-056-PN01, 45715-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-006.

*Condition*

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation was ultimately responsible for ensuring compliance with the requirements.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

The supporting documentation attached to the reimbursement forms was a detail subtotal by fund by object code report, which was a summary listing of expenses grouped by fund and object code with no detail of the actual expenses incurred. The supporting documentation did not consistently agree with the amounts requested for reimbursement or the total expenses to date that were reported on the reimbursement forms. The School Corporation claimed and received reimbursements for expenditures that were not incurred and/or paid prior to the date of claiming the reimbursement.

*Context*

The amount requested for reimbursement and the reported amount of total expenses to date did not consistently agree to supporting documentation for four of the eight reimbursement requests tested for fiscal year 2015. Although supporting documentation for some individual reimbursement requests did not agree, in total the amounts claimed for reimbursement for each individual grant agreed to the applicable grant award amounts.

*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. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

34 CFR 80.21(d) states in part: "Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured that the Cooperative complied with the Cash Management and Reporting compliance requirements.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system caused the School Corporation to be in noncompliance with the grant agreement and the compliance requirements. A lack of an internal control system could have also 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.

*Recommendation*

We recommended that the School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the Cash Management and Reporting compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2016-007**

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): 14215-056-PN01, 14216-054-PN01,  
45715-056-PN01, 45716-054-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation was ultimately responsible for ensuring compliance with the requirements.

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

No Semi-Annual Certifications or records of activity for School Corporation employees that were paid solely from special education funds were maintained during the audit period. No personal activity reports or records of activity for School Corporation employees paid from multiple cost objectives were maintained during the audit period.

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

No evidence was presented that Semi-Annual Certifications or records of activity were completed and certified during the audit period for any employees who were paid solely from special education funds. No evidence was presented that personal activity reports or records of activity were prepared and signed during the audit period for any employees who were paid from multiple cost objectives. In addition, no records of activity were presented for audit for any employees paid either solely or partially from special education funds.

*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 of Internal Control in the Federal Government' issued by the Comptroller General for 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 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 semiannually 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. . . ."

2CFR 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;

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (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 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 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 develop and implement procedures and establish controls to ensure compliance with 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 2016-008**

Subject: Special Education Grants to States - Suspension and Debarment

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-056-PN01, 14214-056-PN01,  
14215-056-PN01, 14216-056-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation was ultimately responsible for ensuring compliance with the requirements.

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

The Cooperative's Director signed the Application and Assurance Plan as a condition of federal assistance, which stated that the Cooperative would check the subcontractors to ensure that they were not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency, or political subdivision of the State of Indiana. However, the School Corporation did not have procedures in place to monitor that the Cooperative verified that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a covered transaction with them.

*Context*

There were three contracts during fiscal year 2015 and three contracts during fiscal year 2016 that exceeded \$25,000; however, the Cooperative did not verify that the vendors were not suspended or debarred prior to awarding these contracts for covered transactions.

*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 of Internal Control in the Federal Government' issued by the Comptroller General for the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

(a) Checking SAM exclusions; or

WEST WASHINGTON SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured that the Cooperative complied with the Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the Suspension and Debarment compliance requirement and the grant agreement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that School Corporation's management develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the Suspension and Debarment 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 Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108  
Phone 812-755-4872 Fax 812-755-4843

**Keith A. Nance**  
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**Carol Hoar**  
Secretary  
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**Vickie Nice**  
Treasurer  
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**Barb Davis**  
Deputy Treasurer  
davisb@wwcs.k12.in.us

## CORRECTIVE ACTION PLAN

### *Finding 2016-001*

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation has implemented proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. The corporation Treasurer will prepare the schedule of awards and submit to the Superintendent for review.

Anticipated Completion Date: Complete

*Keith A. Nance*  
Superintendent

*4/4/18*

**FINDING 2016-002**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Program Income:

- The elementary lunch bookkeeper has been trained on procedures for proper fund accounting. (Elementary Lunch Bookkeeper)
- Funds are checks by the Kitchen Manager. (Kitchen Manager)
- Report is reviewed and recorded by Central Office. (Administrative Assistant)
- Income is receipted by Central Office Treasurer. (Central Office Treasurer)

Reporting:

- Annual Report is reported by Central Office. (Administrative Assistant)
- Annual Report is reviewed and signed by Central Office Treasurer. (Treasurer)
- Annual Report is reviewed and signed by Central Office Treasurer. (Superintendent)

Segregation of Duties for Verification of Free and Reduced Lunch will include:

- Collection of Free and Reduced Lunch Forms at building level. (Building Level Administrator)
- Free and Reduced Lunch Forms recorded by the Kitchen Manager. (Kitchen Manager)
- Free and Reduced Lunch Forms recorded by the ECA Treasurer. (ECA Treasurer)
- Free and Reduced Lunch Forms verifications completed and filed by Central Office. (Superintendent/Administrative Assistant)

Anticipated Completion Date: Immediately at the conclusion of audit.

  
\_\_\_\_\_  
(Signature)

Superintendent  
\_\_\_\_\_  
(Title)

4/4/18  
\_\_\_\_\_  
(Date)

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The school corporation will not exceed the maximum annual increase allowable by the federal lunch program.
- Administrative Assistant will be responsible for retaining the information from IDOE for Paid Lunch Equity and verify that we comply with the allowable increase.

Anticipated Completion Date: Complete



(Signature)



(Title)



(Date)

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:


The corporation implemented a plan at the conclusion of the previous audit for years July 1, 2012 – June 30, 2014. This plan was not reflective in this audit for years July 1, 2014 – June 30, 2016, thus a repeat finding.

- Reports are prepared by the Corporation Treasurer and reviewed/signed by Superintendent prior to submission.

Anticipated Completion Date: Complete

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Tom Rosenbaum  
Contact Phone Number: 812-755-4934

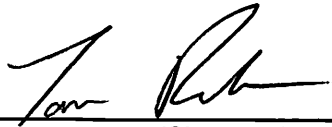
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All students in grades K-2 were given a Dibels test and students in grades 3-6 were given Acuity. Scores were then used to determine a student's participation in the Title I program. When West Washington Elementary adopted I-Ready Math series, they began to use the diagnostic test that came with the program. With ESSA, schoolwide programs no longer have to test students since the entire school is Title I, but classroom teachers continue to use the I-Ready Language Arts diagnostic test and their recommendations to determine which students participate in any pull out intervention.

Test results will be reviewed by Elementary Principal and Title I Coordinator and will be used to evaluate the program the following year.

Anticipated Completion Date: Acuity and Dibels, effective 2014. I-Ready diagnostic tests utilized August 2016.

  
\_\_\_\_\_  
(Signature)

*Elem Principal*  
\_\_\_\_\_  
(Title)

4-4-18  
\_\_\_\_\_  
(Date)

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

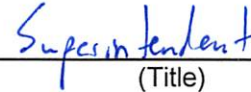
Cash Management and Reporting-

- Reports will be generated by the South Central Area Special Education Cooperative and signed by the Board President and verified by the WWCS Superintendent.

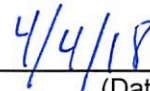
Anticipated Completion Date: Immediately following completion of audit.



\_\_\_\_\_  
(Signature)



\_\_\_\_\_  
(Title)



\_\_\_\_\_  
(Date)

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Starting 2017, WWSC will maintain records of activity for School Corporation employees that were paid solely from Special Education funds by completing Semi-Annual Certifications.

Anticipated Completion Date: Immediately following completion of audit

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**FINDING 2016-008**

Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

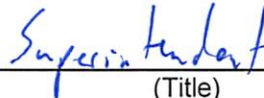
Suspension and Disbarment-

- Contracts and Subcontracts will be presented by the South Central Area Special Education Cooperative to the SCASEC Board of Directors. (Superintendents).
- Contracts and Subcontracts will be reviewed by Superintendent before approval. (WWSC Superintendent)

Anticipated Completion Date: Immediately following completion of audit.



(Signature)



(Title)



(Date)

WEST WASHINGTON SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 4, 2018, with Keith A. Nance, Superintendent of Schools; Vickie J. Nice, Treasurer; Joe Walker, Jr., President of the School Board; and Salvatore Sama, School Board member.