

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST CLARK COMMUNITY SCHOOLS

CLARK COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
01/18/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2017-001	
Financial Transactions and Reporting .....	4-5
Finding 2017-002	
Preparation of the Schedule of Expenditures of Federal Awards .....	5-6
Finding 2017-003	
Child Nutrition Cluster - Activities Allowed or Unallowed and Allowable Costs/Cost Principles .....	6-8
Finding 2017-004	
Child Nutrition Cluster - Internal Controls over Cash Management and Special Tests and Provisions - School Food Accounts .....	8-10
Finding 2017-005	
Child Nutrition Cluster - Eligibility .....	10-12
Finding 2017-006	
Child Nutrition Cluster - Procurement and Suspension and Debarment .....	12-14
Finding 2017-007	
Child Nutrition Cluster - Program Income .....	14-16
Finding 2017-008	
Child Nutrition Cluster - Reporting .....	16-18
Finding 2017-009	
Child Nutrition Cluster - Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) .....	18-20
Finding 2017-010	
National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity .....	20-22
Corrective Action Plan.....	23-33
Audit Results and Comments:	
Training on Internal Control Standards .....	34
Supporting Documentation - Extracurricular Accounts - Silver Creek High School .....	34-35
Internal Controls over Extracurricular Accounts - Silver Creek High School.....	35-36
Exit Conference.....	37

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	R. Mac Dyer (Vacant)	01-01-15 to 08-03-18 08-04-18 to 12-31-18
Deputy Treasurer	Patricia Kelley (acting Treasurer)	08-04-18 to 12-31-18
Superintendent of Schools	Monty Schneider Chad Schenck John Reed (interim) Clemencia Perez-Lloyd (interim)	01-01-15 to 06-30-15 07-01-15 to 12-13-17 12-14-17 to 07-31-18 08-01-18 to 12-31-18
President of the School Board	Brian Hurst Joe Basham Douglas Coffman	01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the West Clark Community Schools (School Corporation), for the period from July 1, 2015 to June 30, 2017. 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

November 28, 2018

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS

***FINDING 2017-001***

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated compatible activities related to receipts and payroll disbursements.

*Receipts*

The Associate Superintendent of Schools/Treasurer prepared the daily deposits, deposited the funds in the bank, and prepared a listing of receipts for posting into the ledger. No evidence was presented for audit that a second review of the receipts was performed prior to posting into the ledger.

*Payroll Disbursements*

There was no documentation of a review of before it was submitted for direct deposit.

*Context*

The lack of internal controls were systemic issues, which occurred throughout the audit period.

*Criteria*

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

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

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal control.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting, receipts, and payroll disbursements.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2015-001 from the immediately prior audit.

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The federal award information within the School Corporation's Annual Report on the Indiana Gateway for Government Units financial reporting system, which was used to generate the School Corporation's SEFA, was entered by the Deputy Treasurer without a process in place to ensure its accuracy before submission.

*Context*

The lack of internal controls were systemic issues, which occurred throughout the audit period.

*Criteria*

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

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

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

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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

*Cause*

Management 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 could have remained undetected.

*Recommendation*

We recommended that the School Corporations' management establish controls related to the preparation of 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 2017-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The School Corporation had established the control that all school lunch employees' time cards were reviewed and approved by a Supervisor. However, of the 42 time cards tested, 3 time cards were not approved by a Supervisor.

Beginning with the 2016-2017 school year, the School Corporation contracted with a food service provider. Supporting documentation was not presented for audit to indicate how the amounts of the monthly invoices from the food service provider were determined and, therefore, we were unable to determine if the amount paid to the food service provider was for activities and costs that were allowable. We consider the total amount paid to the food service provider during the 2016-2017 school year of \$526,932 to be questioned costs.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Context*

The lack of controls was a systemic issue throughout the audit period. The lack of adequate supporting documentation for the invoices from the food service provider occurred in the 2016-2017 school year.

*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 220.7(e)(1) states in part:

". . . (ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . .

(iii) Revenues received by the nonprofit school food service shall not be used to purchase land or buildings or to construct buildings; . . ."

7 CFR 210.14(a) states in part: ". . . Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

2 CFR 200.403 states in part:

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

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

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

(g) Be adequately documented. . . ."

WEST CLARK COMMUNITY SCHOOLS  
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. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Questioned Costs*

Questioned costs of \$526,932 were identified for the audit period, as detailed in the *Condition*.

*Recommendation*

We recommended that the School Corporations' management establish controls and ensure that documentation will be maintained and made available for audit.

*Views of Responsible Officials*

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

**FINDING 2017-004**

Subject: Child Nutrition Cluster - Internal Controls over Cash Management  
and Special Tests and Provisions - School Food Accounts

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding number was 2015-006.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*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 following compliance requirements: Cash Management and Special Tests and Provisions - School Food Account.

*Cash Management*

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

*Special Tests and Provisions - School Food Accounts*

The School Corporation did not have effective internal controls over the Special Tests and Provisions - School Food Accounts compliance requirement. There was no documentation of a procedure in place to ensure the accuracy of bank deposits and the corresponding entry of the transaction in the ledger. In addition, there was no documentation of a procedure verifying Fund 800 only included receipts and disbursement related to food service.

*Context*

The lack of properly designed and implemented internal 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*

The School Corporation's management had not designed or implemented internal controls which would ensure compliance with Cash Management and Special Tests and Provisions - School Food Accounts.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system could have enabled noncompliance with the compliance requirements listed above and could have resulted in lost funding.

*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 requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2017-005**

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding number was 2015-004.

*Condition*

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

During the 2015-2016 school year, the Food Service Director was solely responsible for inputting applicant information into the program. The program automatically calculated eligibility based upon the data that was entered into the program by the Food Service Director. There was no evidence of an independent review to ensure that the Food Service Director was correctly entering applicant data into the program. Of the 40 applications tested, 2 of the applications were not properly recorded in the system, resulting in incorrect eligibility determinations. Both these applications were during the 2015-2016 school year.

Additionally, the School Corporation was required to provide written notice to applicants of the eligibility criteria. There was no evidence presented for audit that indicated that this requirement was met in either school year.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Context*

The failure to retain supporting documentation of written notice to applicants of the eligibility criteria was a systemic problem throughout the audit period. The internal control issues and the inputting of applicants' information correctly was isolated to 2015-2016.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.3(b) states in part:

"Each participating local educational agency and all participating schools under its jurisdiction must adhere to the eligibility criteria specified in this part. Local educational agencies must include these eligibility criteria in their policy statement as required under 245.10 and it must be publicly announced in accordance with the provisions of 245.5. . . ."

7 CFR 245.6(c) states in part:

". . . The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local education agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year. . . ."

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. . . ."

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance and that proper supporting documentation was maintained and made available for audit relating to the Eligibility compliance requirement.

*Effect*

The failure to establish effective internal controls enabled material noncompliance to go undetected and the failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and that supporting documentation will be maintained and made available for audit relating to the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-006**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding numbers were 2015-003.

*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 procurement and suspension and debarment requirements.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Procurement*

The School Corporation did not obtain any price or rate quotes from an adequate number of sources for purchases of goods or services.

*Suspension and Debarment*

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

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

*Criteria*

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). . . ."

2 CFR section 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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 the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the procurement and suspension and debarment requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-007**

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
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 immediately prior audit. The prior year finding number was 2015-006.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Condition*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. An oversight, review, or approval process had not been established.

The School Corporation's receipts for one of the two months tested did not have proper documentation to support the amount that was transferred into the School Lunch fund.

*Context*

This was a systemic issue 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). . . ."

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

*Cause*

The School Corporation had not designed or implemented a system of internal controls that would have ensured an adequate financial management system was established to ensure compliance with the Program Income compliance requirement.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system enabled material 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 to ensure compliance and comply with the Program Income compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-008**

Subject: Child Nutrition Cluster - Reporting  
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 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding number was 2015-006.

*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 the reporting requirements. The Monthly Sponsor Claims (claims for reimbursement) was prepared by the Treasurer and were reviewed by either the Deputy Treasurer or the Food Service Director. However, there was no documentation to verify that this review occurred.

The two of the four Monthly Sponsor Claims (claims for reimbursement) tested had errors in the amounts claimed for reimbursement as follow:

1. During the month of September 2015, the meal counts for free and reduced meals at each school had been transposed during data entry into the Indiana Department of Education (IDOE) website for Sponsor Claim (claims for reimbursement). The School Corporation's records showed that the amount of free and reduced breakfast and lunches for all schools combined equaled a reimbursement amount of \$106,141; however, the amount of reimbursement for free and reduced breakfast and lunches reported to the IDOE equaled \$107,383. The result was an overpayment of \$1,242.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

2. During the month of September 2016, the meal counts for free and reduced meals at Borden Elementary and Borden Jr. and Sr. High schools had been transposed during data entry into the IDOE website for Sponsor Claims (claims for reimbursement). The School Corporation's records showed that the amount of free and reduced breakfast and lunches for these two schools equaled a reimbursement amount of \$15,198; however, the amount of reimbursement for free and reduced breakfast and lunches reported to the IDOE totaled \$15,621. The result was an overpayment of \$423.

*Context*

The lack of internal controls and errors made on reporting on the Monthly Sponsor Claims (claims for reimbursement) occurred on two of four claims tested.

*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 3016.20(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. . . ."

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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 set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

*Cause*

The School Corporations' management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

*Effect*

The failure to establish effective internal controls enabled material 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*

Questioned costs of \$1,665 were identified, as detailed in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-009**

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

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding number was 2015-006.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Condition*

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

The 2015-2016 School Food Authority (SFA) Verification Collection Report (Verification Report) and the supporting documentation for the applications which were verified was not presented for audit. Therefore, compliance with the verification requirements could not be determined.

*Context*

The lack of controls and failure to maintain and provide appropriate supporting documentation were issues during the 2015-2016 school year.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6a(h) states in part:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. Local educational agencies are encouraged to collect and report any or all verification data elements before the required dates."

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Cause*

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit related to the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Effect*

The failure to retain or provide appropriate supporting documentation prevented the determination of compliance with the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls to ensure that documentation related to the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements will be maintained and made available for audit.

*Views of Responsible Officials*

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

**FINDING 2017-010**

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 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year finding number was 2015-005.

*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 present for audit any evidence that the required paid lunch equity or their weighted average price calculations were completed for the school year 2015-2016.

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Context*

Internal control issues were systemic throughout the audit period. Documentation supporting the paid lunch equity calculation was not presented for audit for the 2015-2016 school year.

*Criteria*

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 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. . . ."

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. . . ."

WEST CLARK COMMUNITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement. In addition, the School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit related to the Special Tests and Provisions - Paid Lunch Equity.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation. In addition, the failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls to ensure compliance and comply with the Special Tests and Provisions - Paid Lunch Equity compliance requirement. We also recommended that the School Corporation's management establish controls to ensure that documentation will be maintained and made available for audit related to the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Views of Responsible Officials*

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

**SCHOOL BOARD**

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

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**ADMINISTRATION**

Clemen Perez-Lloyd, Interim Supt.  
of Schools  
Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-001***

Contact Person Responsible for Corrective Action: Patty Kelley and Todd Voigt  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

**Receipts**

Our Receptionist will start listing all forms of payment received in house on a worksheet from the mail and from our schools. They will sign and date the sheet every day to verify that they received the payments. Once recorded, the payments will be given to the Deputy Treasurer. When a deposit is ready to be processed, the Deputy Treasurer will collect those worksheets and verify that their payments match what the Receptionist recorded. A Daily Deposit will be filled out with the payments and given to the A/P Clerk. The deposit will be given to the Accounting Clerk to take to the bank. When they return, the deposit slip will be given to the A/P Clerk and they will enter the receipts and attach the deposit slip to the paperwork. Receipts are signed by the Deputy Treasurer, returned to the A/P Clerk and filed.

**Payroll Distributions**

In an effort to ensure the integrity and accuracy of the payroll disbursement process, the following controls will be implemented:

**New hires:**

New hires are recommended to the Superintendent and are placed on the Board Agenda for approval by the Director of Human Resources. The Board votes on additions to the corporation payroll on the agenda of regular board meetings. The new hires are then added to the payroll system by the payroll staff after the board has approved the new assignments. (This process is in place now.) Moving forward the Director of Human Resources shall verify the additions by cross-referencing the new appointments from the board agenda with the new hire report. This process applies to regular full-time, regular part-time, temporary, and Extra Curricular Assignments (ECA).

**Hours Paid:**

To ensure the appropriate amounts are paid to classified and certificated employees each pay period the following processes will be utilized.

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For certificated employees, the regular contract pay (which should be constant for the duration of the contract) will be evaluated against prior pay periods and ECA, extra pay, and deduct pay reports will be reviewed to determine the amount for the current pay period. The Director of Human Resources will sign off on the Payroll Calculation Summary report approving the certified pay for that pay period.

For classified employees, the following reports will be utilized to reconcile the amounts for each pay period: The building report summary and time clock punch detail report will be used to reconcile back to the amounts that appear on the Payroll Calculation Summary Report. When the reconciliation has been completed, the Director of Human Resources will sign off on the Payroll Calculation Summary report approving the classified employee pay for that pay period.

Anticipated Completion Date: By the end of the SY 2018/2019

Patty Kelly  
(Signature)

Deputy Treasurer  
(Title)

11-14-18  
(Date)

**SCHOOL BOARD**

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**ADMINISTRATION**

Clemen Perez-Lloyd, Interim Supt.  
of Schools  
Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-002***

Contact Person Responsible for Corrective Action: Patty Kelley and Jennifer Voignier  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Deputy Treasurer will report all federal awards on the SEFA via the Annual Report in Gateway each school year. Federal award folders and the CFDA website should be utilized to confirm the correct CFDA numbers and identifying award numbers are used on the SEFA. The Special Ed Cluster will include any amounts spent by the Greater Clark County Special Education Coop per their reports submitted each school year through 2016 while they were the LEA for these grants. School Lunch Commodities are to be included on the SEFA under the Federal Non Cash Assistance column. All federal award folders will be given to the Associate Superintendent/Treasurer for verification before the SEFA is submitted for final approval in Gateway. Since we don't have an Associate Superintendent/Treasurer currently, the SEFA will be checked by the Accounting Clerk, who is a new person in the Finance Department that will be taking over the reconciliation/maintenance of all local and federal grants by the end of SY 2019. This verification/approval duty will return to the Associate Superintendent/Treasurer when or if the position is hired by the end of the SY 2019.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

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Clemen Perez-Lloyd, Interim Supt.  
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Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-003***

Contact Person Responsible for Corrective Action: Patty Kelley and Todd Voigt  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

All cafeteria staff currently do an electronic punch for timecards. All timecards will be approved at the school level by the Principal of that building before coming over to the Central Office for processing. Reports will be printed upon request to show proper approval at the school level. With the hiring of a new Food Service Manager, this procedure might change by the end of the SY 2019.

All invoices for the food service program will be filed together with each voucher. All backup paperwork will be required to stay with the invoice and voucher. Copies will be made of the paperwork if any other filing requirements need to be fulfilled.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

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Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-004***

Contact Person Responsible for Corrective Action: Becky Arnold and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

**Cash Management**

Control to ensure that the account balance in the food service does not exceed three months average expenditures will be accomplished by having the Deputy Treasurer calculate the average expenditures for the month and then have the Accounting Clerk verify the calculation. These worksheets will be filed for future verification.

**Special Tests and Provisions-School Food Accounts**

Control to ensure that there is a proper segregation of duties over the collection of monies at each cafeteria will be accomplished by having the Cafeteria Managers not work any of the cashier terminals. The Cafeteria Manager will verify the cash drawer report with the cashier. When the money is ready to be deposited, Deposit Reports are printed from the software and verified against the money collected for the day. Cafeteria Managers are not allowed to make any adjustments to a child's account...they are to inform the Accounting Clerk of any adjustments that need to be made. The Accounting Clerk will reconcile the prepaid meal control account using a worksheet designed for that function, at least on a monthly basis and will submit that report to the Deputy Treasurer for approval and verification.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
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(Date)

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Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-005***

Contact Person Responsible for Corrective Action: Becky Arnold and Patty Kelley  
Contact Phone Number: 812-246-3375

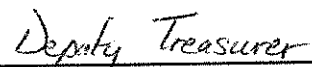
Views of Responsible Official: We concur with the finding

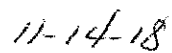
**Description of Corrective Action Plan:**

During the 2016-2017 school year, an Accounting Clerk was hired and trained in processing free and reduced applications and to help with segregation of duties. This individual, along with the Cafeteria Director worked together to ensure that applications were properly maintained and filed. In 2018, another Accounting Clerk was hired and continues to be trained as the second person for oversight to the accuracy of the benefits attributable to the free and reduced applications. All information on the application will be properly completed, along with all backup material and appropriate signatures confirming approval and completed reviews. Paper applications will be entered by one Accounting Clerk and signed off for determination. For the first two months of each school year, the second Accounting Clerk will pull a sample of the paper applications from each school to verify them for accuracy. Crosschecking between the two Accounting Clerks will support the accuracy and timeliness of the application of benefits.

Anticipated Completion Date: By the end of the SY 2018/2019

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

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

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

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Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-006***

Contact Person Responsible for Corrective Action: Joshua Sinclair and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

**Procurement**

The Food Services Manager will ensure that procurement outside of the Wilson Center, will follow 2 CFR 200.320. The cost of the item considered for procurement will be calculated for the span of the school year and then it will be decided upon if the micro-purchases, small purchases or sealed bid process should be used. The Wilson Center will be utilized as much as possible for any food service purchases.

**Suspension and Debarment**

The Wilson Center is currently used for food service procurement. The Food Service Manager will ensure that we have record of all Certifications of Suspension and Debarment on file for any vendors used through the procurement site, as well as any vendors used outside of the procurement site.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

**MISSION STATEMENT**

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Clemen Perez-Lloyd, Interim Supt.  
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Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-007***

Contact Person Responsible for Corrective Action: Becky Arnold and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

A transfer of cafeteria sales is done once a month. Proper reports from Infinite Campus are printed and entered into a worksheet that calculates daily sales by the cafeteria. The amounts listed on the worksheet are verified by the sales reports. Accounts Payable Vouchers are prepared by the Accounting Clerk and submitted to the Deputy Treasurer for verification and approval. Once approved, the vouchers are entered into the accounting system and then a receipt is prepared to move the money from the Clearing Prepaid Fund to the School Lunch Fund. All supporting reports and documentation is kept with the A/P Voucher and the corresponding Receipt.

The Accounting Clerk will reconcile the prepaid meal control account using a worksheet designed for that function, at least on a monthly basis and will submit that report to the Deputy Treasurer for approval and verification. This will help ensure proper balances per the monthly sales and the student balance reports.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

**MISSION STATEMENT**

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**ADMINISTRATION**

Clemen Perez-Lloyd, Interim Supt.  
of Schools  
Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-008***

Contact Person Responsible for Corrective Action: Becky Arnold and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

The Accounting Clerk with proper reports from the cafeteria software will draft the Sponsor Claim. This draft will then be verified and approved by the Deputy Treasurer. The Accounting Clerk and the Deputy Treasurer will enter the data on the Indiana Food Nutrition website together to ensure no errors in data entry. Copies of Sponsor Claims will be printed to keep with the draft reports and for verification that amounts were entered correctly when the claim is receipted.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

**MISSION STATEMENT**

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**AN EQUAL OPPORTUNITY EMPLOYER**

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**ADMINISTRATION**

Clemen Perez-Lloyd, Interim Supt.  
of Schools  
Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-009***

Contact Person Responsible for Corrective Action: Becky Arnold and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

Eligibility for free and reduced applications is done by the Accounting Clerk and then verified by a sampling of those applications at the beginning of each school year by a different clerk for accuracy purposes. Verification of the applications is done by the Accounting Clerk and then approved by the Superintendent when complete. The Accounting Clerk will maintain proper documentation of Verification Reports and Verification Letters pertaining to those reports.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

**MISSION STATEMENT**

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

**SCHOOL BOARD**

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

**West Clark Community Schools**

601 RENZ AVENUE  
SELLERSBURG, IN 47172  
O: 812-246-3375 F: 812-246-9731  
[www.welark.k12.in.us](http://www.welark.k12.in.us)

*"Pathways for Everyone"*

**ADMINISTRATION**

Clemen Perez-Lloyd, Interim Supt.  
of Schools  
Thomas Brillhart, Asst. Supt.

**CORRECTIVE ACTION PLAN**

***FINDING 2017-010***

Contact Person Responsible for Corrective Action: Joshua Sinclair and Patty Kelley  
Contact Phone Number: 812-246-3375

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

The Food Services Manager will use the Paid Lunch Equity Price Calculator to establish the appropriate lunch price and maintain a copy of the equity tool for verification. Once the calculations are complete, they will be submitted to the Superintendent for review and approval. A memo will be drafted of proposal and all prices will be clearly listed on the agenda when submitted to the West Clark Board of Trustees for approval. All documentation will be filed for verification purposes.

Anticipated Completion Date: By the end of the SY 2018/2019

*Patty Kelley*  
\_\_\_\_\_  
(Signature)

*Deputy Treasurer*  
\_\_\_\_\_  
(Title)

*11-14-18*  
\_\_\_\_\_  
(Date)

**MISSION STATEMENT**

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WEST CLARK COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**TRAINING ON INTERNAL CONTROL STANDARDS**

The School Corporation approved Internal Control Standards and Procedures (Policy 6111) which states in part: ". . . *The Corporation shall . . . G. provide, upon employment and periodically thereafter, training concerning the internal control standards and procedures established for the Corporation for any personnel whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the Federal government, State government, the Corporation, or other governmental entities . . .*" Although training was provided to some personnel, such as the Treasurer, Deputy Treasurer, Extracurricular Accounts (ECA) Treasurers and Principals at all eight schools, Cashier's and Cafeteria Managers at all schools, the School Corporation failed to ensure that all personnel involved in receiving, processing, depositing, disbursing, or having access to School Corporation funds received the training.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**SUPPORTING DOCUMENTATION - EXTRACURRICULAR  
ACCOUNTS - SILVER CREEK HIGH SCHOOL**

Not all checks issued to the bank for cash during the audit period were fully supported. There were 49 instances of 57 where the cash out could not be directly traced back to supporting documentation or as receipted back into the ledger. The following issues were noted:

1. "Start-up cash" is given to the sponsors to have for change at the beginning of an event. The "start-up" cash cannot be traced as redeposited back into the fund. No supporting documentation to show who received the funds. Also, the prescribed Ticket Sales form SA-4 was not available for audit in every instance to determine the amount of ticket sales on all activities, such as: plays, athletic events, dances, etc., so it could not be determined if the deposits for these events included the redeposit of the start-up cash.
2. Various clubs took trips during the audit period in which the sponsor requested cash for the trip. Each trip requested "emergency cash," the emergency cash was not easily traced in all cases back into the ledger. In the cases where the emergency cash was able to be traced back into the ledger, there was not always enough supporting documentation for the unreturned cash.
3. Some of the trips requested cash for tips for the tour guides and bus drivers. There was no supporting documentation that the tour guides or bus drivers received the funds.

WEST CLARK COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

4. In the cases of the checks for cash, only 2 vouchers were signed by the Athletic Director, 15 did not have a claim voucher attached to the check and the remaining claim vouchers were not signed by anyone other than the ECA Treasurer.
5. In one instance where a donation was given by the World Language Club, the donation was a check issued for cash. The funds were then redeposited into the fund. Another check was issued to the ECA Treasurer. Attached to the claim was a PayPal statement in the name of the ECA Treasurer indicating that the funds were transferred to Ecuador (Ecuador).

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues. When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the school corporation in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund [IC 36-1-8-2]. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

***INTERNAL CONTROLS OVER EXTRACURRICULAR ACCOUNTS - SILVER CREEK HIGH SCHOOL***

There were deficiencies in the internal control system for the Silver Creek High School ECA related to Financial Transactions. The ECA had not separated incompatible activities related to cash, receipts, and disbursements. The following deficiencies were noted:

1. Numerous checks were written to the bank to obtain cash. All checks were signed by the ECA Treasurer and rubber stamped with the principal's signature. These checks were then endorsed by the ECA Treasurer.
2. The ECA Treasurer maintains a spreadsheet to keep track of uncollected textbook rental. However, the amount of payments included on the spreadsheet for 2016-2017 of \$230,695 did not agree with the textbook rental receipts posted to the ledger of \$198,634.
3. Textbook rental receipts were not maintained in chronological order to enable determination of which textbook rental receipts made up each deposit and/or receipt entry into the ECA ledger.

WEST CLARK COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

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

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

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

WEST CLARK COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on November 28, 2018, with Patricia Kelley, Deputy Treasurer; Clemencia Perez-Lloyd, interim Superintendent of Schools; Lin Waiz, Extracurricular Accounts Treasurer; Al Eckert, Principal; and Douglas Coffman, President of the School Board.