

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WESTFIELD WASHINGTON SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha L. Bohannon	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Sherry Grate	07-01-16 to 06-30-19
President of the School Board	Duane E. Lutz Daniel D. Degnan Duane E. Lutz	07-01-16 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
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TO: THE OFFICIALS OF THE WESTFIELD WASHINGTON SCHOOLS, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Westfield Washington Schools (School Corporation), for the period from July 1, 2016 to June 30, 2018. 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/.

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

March 4, 2019

WESTFIELD WASHINGTON SCHOOLS
FEDERAL FINDINGS

FINDING 2018-001

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2017, FY2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Cash Management, Reporting,
Special Tests and Provisions - Verification of Free and Reduced
Price Applications (NSLP), Special Tests and Provisions -
School Food Accounts

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles, Cash Management, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

Allowable Costs/Cost Principles

The third-party administrator (TPA) for the Child Nutrition Cluster program bills the School Corporation monthly for total food purchased by the TPA. The supporting invoices for this are retained at the TPA office and are not reviewed by anyone at the School Corporation. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with this requirement.

Cash Management

Monthly cash balances in the School Lunch fund are not monitored to ensure that the balances do not exceed three months average expenditures of the School Lunch fund. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with this requirement.

Reporting

There was no evidence that the Annual Financial Reports were reviewed and approved prior to submission to the Indiana Department of Education by any employee at the School Corporation. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with this requirement.

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

There was only one person primarily responsible for verifying and changing an applicant's benefits after verifying their application. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with this requirement.

WESTFIELD WASHINGTON SCHOOLS
FEDERAL FINDINGS
(Continued)

Special Tests and Provisions - School Food Accounts

The Treasurer records the receipts and expenses from reports provided by the TPA, with no further review by another employee. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with this requirement.

Context

The lack of controls was a systemic issue, which occurred 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). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles, Cash Management, Reporting, Special Tests and Provision - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Allowable Costs/Cost Principles, Cash Management, Reporting, Special Tests and Provision - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles, Cash Management, Reporting, Special Tests and Provision - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

WESTFIELD WASHINGTON SCHOOLS
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 2018-002

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed
and 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): 14216-132-PN01, 14217-132-PN01,
18611-132-PN01, 45717-132-PN01,
18619-132-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition

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

The Director of Special Education and Student Services identified the positions paid from the special education funds; however, the School Corporation had not developed a control to verify that the individuals actually paid from the special education funds should have been. There was no segregation of duties, such as an oversight, review, or approval process, to ensure compliance with these requirements.

Context

The lack of controls was a systemic issue, which occurred 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). . . ."

WESTFIELD WASHINGTON SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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



Westfield Washington Schools

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Sherry L. Grate, Ed.D., Superintendent

CORRECTIVE ACTION PLAN

FINDING 2018-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Brian Tomamichel, Chief Financial Officer
Contact Phone Number: 317-867-8013

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Allowable Costs/Cost Principles – The district will review and sign off on all purchases prior to being completed. All purchases will move through the same requisition process that all other district purchases go through.

Cash Management – The treasurer will begin to review and monitor that the balances do not exceed three months average expenditures as presented by the financials and the TPA

Reporting – The CFO will review and sign off on all state reporting prior to any item being submitted to the state.

Special Test and Provisions (Verification of NSLP) – The district will train a second individual to verify and change an applicant benefits. This individual will help during the verification process and can provide checks on any applicant with a changed application to ensure accuracy. The district will also be looking at moving to an online application system that can assist with the accuracy of the data and reduce the error of human input.

Special Test and Provisions (School Food Account) – The accounts receivable purchasing coordinator is being trained to be a backup on this task for our treasurer. With this additional training, all items will be reviewed by two individuals for accuracy.

Anticipated Completion Date: June 2019

FINDING 2018-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Brian Tomamichel, Chief Financial Officer
Contact Phone Number: 317-867-8013

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The district's special education and student services secretary will begin to do quarterly checks of all individuals paid from the grant to ensure that only those employees who should be paid from the grant are.

Anticipated Completion Date: June 2019



(Signature)

CFO

(Title)

3/4/2019

(Date)

WESTFIELD WASHINGTON SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2019, with Marsha L. Bohannon, Treasurer; Brian Tomamichel, Chief Financial Officer; Dr. Sherry Grate, Superintendent of Schools; Duane E. Lutz, President of the School Board; and Rebecca Ogle, School Board Secretary.