

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITKO COMMUNITY SCHOOL CORPORATION

KOSCIUSKO COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/29/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michelle L. Babcock	09-14-15 to 06-18-18
	(Vacant)	06-19-18 to 08-19-18
	Doretta Buuck	08-20-18 to 11-19-18
	Shannon Ebbinghouse	11-20-18 to 06-30-19
Superintendent of Schools	Steven R. Clason	07-01-14 to 06-30-18
	Nicke Eccles (interim)	07-01-18 to 09-30-18
	Dr. Brandon Penrod	10-01-18 to 06-30-19
President of the School Board	Joseph A. Begley	01-01-15 to 12-31-16
	Georgia Tenney	01-01-17 to 12-31-17
	Jorell Tucker	01-01-18 to 12-31-18
	Carrie L. Hoffman	01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Whitko Community School Corporation (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 and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

March 27, 2019

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2018-001

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 adequate segregation of duties as the School Corporation had not separated incompatible activities related to payroll. The Payroll Specialist processed payroll from time cards. Time cards were not consistently reviewed at the individual school level before the Payroll Specialist processed payroll.

Context

The lack of controls over time cards was a systemic problem 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.

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 to ensure timecards are properly approved prior to payroll processing.

WHITKO COMMUNITY 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 2018-002

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): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior report.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility, Reporting, and Special Tests and Provisions - Paid Lunch Equity.

Eligibility

There were no controls in place to ensure that eligibility determinations were performed when required or were accurate. Although 40 sampled eligibility determinations were correct from direct certification students and Free and Reduced Lunch applications, there was no segregation of duties over eligibility determinations, such as an oversight, review, or approval process.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports, School Food Authority (SFA) Verification Collection Reports, and Monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

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

There were no controls in place to ensure that Paid Lunch Equity calculations were completed when required or were accurate. The Treasurer completed and submitted the Paid Lunch Equity Calculator. There was no segregation of duties, such as an oversight, review, or approval process.

Context

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

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

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 that is part of this report.

FINDING 2018-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat of Finding 2016-001 from the immediately prior report.

WHITKO COMMUNITY 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 Allowable Costs/Cost Principles compliance requirement.

Management of the School Corporation had not established an effective internal control system to ensure that only allowable costs were paid with food service program funds. The School Corporation had an approved Indirect Cost Unrestricted Rate for charging indirect costs from the Indiana Department of Education. For fiscal year 2016-2017, the School Corporation charged utility expenses of \$27,500 as a lump sum indirect cost, rather than using the Indirect Cost Unrestricted Rate. The utility expenses of \$27,500 was a flat rate arbitrarily decided on by management.

For fiscal year 2017-2018, the School Corporation charged a total of \$42,350 in indirect costs that management acknowledged, in writing, were based on the approved Indirect Cost Unrestricted Rate. These indirect costs consisted of utility expenses, custodian wages, Workman's Compensation, and the Director's (who was also the Treasurer) salary. The School Corporation charged direct costs of custodian wages, which were not supported by Personnel Activity Reports or other time and effort supporting documentation, prior to claiming indirect costs of custodian wages for the fiscal year. There was no supporting documentation provided by the School Corporation to determine how indirect costs of utility expenses, Workman's Compensation, and Director's salary were determined to be applied towards the Indirect Cost Unrestricted Rate.

Context

The lack of 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 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. . . ."

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

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

Effect

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

Questioned Costs

Known questioned costs identified totaled \$69,850.

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2018-004

Subject: Child Nutrition Cluster - Cash Management
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 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior report.

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 Cash Management compliance requirement.

The School Lunch fund balance exceeded the 3 months average expenditures in 8 of the 24 months during the audit period. The 3 months average of expenditures for the School Lunch fund for fiscal year 2016-2017 and 2017-2018 was \$211,958 and \$189,383, respectively. During the 8 months that the School Corporation was not in compliance, the balance exceeded the 3 months average expenditures in amounts from \$4,755 to \$57,681. There was no detailed plan submitted to the Indiana Department of Education to reduce net cash resources that exceeded the 3 month average expenditures.

Context

The lack of 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). . . ."

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Cash Management 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 2018-005

Subject: Supporting Effective Instruction State Grants - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Level of Effort - Supplement Not Supplant

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 16-4455, 17-4455

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost
Principles; Matching, Level of Effort, Earmarking

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 compliance requirements listed above.

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An Information Technology employee of the School Corporation was being paid a salary from the grant fund without the use of Personal Activity Reports or other supporting documentation regarding time and effort. Total salary payments charged to the grant fund for the employee in question were \$7,035. In addition, the School Corporation did not provide documentation for Teacher Retirement Fund (TRF) payments charged to the grant fund. Total TRF payments charged to the grant fund in question were \$4,217. Total questioned costs could not be tested for Level of Effort - Supplement Not Supplant to determine whether costs supplemented, not supplanted, state and local funds.

Context

The lack of 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 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. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (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. . . ."

20 USC 6321(b)(1) states in part:

"A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

Known questioned costs identified totaled \$11,252.

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 that is part of this report.

FINDING 2018-006

Subject: Supporting Effective Instruction State Grants - Special Tests and Provisions - Assessment of Need

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 16-4455, 17-4455

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment of Need

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 Special Tests and Provisions - Assessment of Need compliance requirement.

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

To be eligible to receive Supporting Effective Instruction State Grants, the U.S. Department of Education required school corporations to conduct an assessment of local needs for professional development and hiring. The needs assessment must be conducted with the involvement of teachers, including teachers who work in Title I, Part A targeted assistance programs and schoolwide program schools.

The School Corporation did complete a Comprehensive Needs Assessment as part of the grant application, which was approved by the Superintendent of Schools; however, there was no supporting documentation on how the form was compiled. Professional development meetings could only be substantiated through inquiry. The School Corporation could not provide documented proof for audit that professional development meetings occurred.

Context

The lack of 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). . . ."

Elementary & Secondary Education Act (ESEA) Section 2122(c) states:

"NEEDS ASSESSMENT-

- (1) IN GENERAL- To be eligible to receive a subgrant under this subpart, a local educational agency shall conduct an assessment of local needs for professional development and hiring, as identified by the local educational agency and school staff.
- (2) REQUIREMENTS- Such needs assessment shall be conducted with the involvement of teachers, including teachers participating in programs under part A of title I, and shall take into account the activities that need to be conducted in order to give teachers the means, including subject-matter knowledge and teaching skills, and to give principals the instructional leadership skills to help teachers, to provide students with the opportunity to meet challenging State and local student academic achievement standards."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement.

WHITKO COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 Special Tests and Provisions - Assessment of Need compliance requirement.

Views of Responsible Officials

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

BOARD OF EDUCATION

Carrie Hoffman
President

Matt Long
Vice-President

Georgia Tenney
Secretary

Bill Patrick
Member

Scott Werstler
Member

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Supervisors will approve timecards prior to sending them to payroll for processing. The payroll position will then check the timecards again to make sure they are accurate.

Anticipated Completion Date: April 30, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: Whitko Community School Corporation will review and adjust internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system. The corporation treasurer will prepare the annual financial report, PLE and Non-Program food reports and they will be verified by the deputy treasurer of the school corporation. The monthly reports consisting of school lunch claims, cafeteria balances and prepaid food fund balance will be prepared by the corporation treasurer and verified by the deputy treasurer of the school corporation and the reports will continue to be approved by the school board. Proper tracking of cash will be completed by the Treasurer and reviewed by the Food Service Director. Eligibility forms will be prepared by the employee responsible for Food Services Collections and reviewed by the Food Service Director.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-003

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Whitko Community School Corporation already has Indirect Cost Rates assigned by the IDOE to be used with this fund and is currently making the necessary corrections for SY 2017-18. The custodial salaries and workers compensation that were charged directly to the food service program will be added to the indirect rate and the indirect rate applied to the food service program will be approved by the school board and then transferred accordingly.

Anticipated Completion Date: Attempted correction at March 19, 2018 Board Meeting. Met with SBOA officials and understand process. This will be corrected moving forward from March 31, 2019.

FINDING 2018-004

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: Whitko Community School Corporation will review and adjust internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system. The corporation treasurer will prepare the annual financial report, PLE and Non-Program food reports and they will be verified by the deputy treasurer of the school corporation. The monthly reports consisting of school lunch claims, cafeteria balances and prepaid food fund balance will be prepared by the corporation treasurer and verified by the deputy treasurer of the school corporation and the reports will continue to be approved by the school board. Proper tracking of cash will be completed by the Treasurer and reviewed by the Food Service Director. Eligibility forms will be prepared by the employee responsible for Food Services Collections and reviewed by the Food Service Director.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-005

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Ward Lamom
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: We will confirm that the grant is paying for the position that we wrote the grant for and have the employee complete time and effort logs as necessary.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-006

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Ward Lamon
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: We have software that will document our completion of a Comprehensive Needs Assessment in the future. We will also require sign in sheets for all professional development meetings.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.



(Signature)

Superintendent

(Title)

3-25-19

(Date)

WHITKO COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

TEXTBOOK RENTAL FUND

The School Corporation operated its textbook rental program through four Extracurricular Accounts (ECA). The School Corporation also maintained a Textbook Rental fund in the School Corporation ledger. The activity and balance reported in the financial statement is comprised of the four ECAs and the School Corporation account. Purchases for textbooks and materials are made from the ECAs' and School Corporation's bank accounts.

Indiana Code 20-41-2-5(a) states:

"A governing body in operating a curricular materials rental program under IC 20-26-5-4(a)(12) may use either of the following accounting methods:

- (1) The governing body may supervise and control the program through the school corporation account, establishing a curricular materials rental fund.
- (2) If curricular materials have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the governing body may cause the program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-41-1."

Therefore, we are of the audit position if any school corporation funds have been used to purchase the textbooks or financial commitments or guarantees have been made by the school corporation, the textbook rental program must be operated through the textbook rental fund of the school corporation in the corporation records. (The School Bulletin and Uniform Compliance Guidelines, September 2012)

WHITKO COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on Carrie L. Hoffman, President of the School Board; Georgia Tenney, School Board member; Dr. Brandon Penrod, Superintendent of Schools; Shannon Ebbinghouse, Treasurer; and Amy Christoffel, Administrative Coordinator.