

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WESTERN WAYNE SCHOOLS

WAYNE COUNTY, INDIANA

July 1, 2017 to June 30, 2019



**FILED**

02/18/2020



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-17
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan .....	23-24
Other Reports.....	25

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Peggy Huesman	01-01-17 to 12-31-20
Superintendent of Schools	Dr. Robert Mahon Dr. George Philhower	07-01-17 to 05-10-19 05-11-19 to 06-30-22
President of the School Board	Kevin Munchel	01-01-17 to 12-31-20



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Western Wayne Schools (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated January 13, 2020, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

***Western Wayne Schools' Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

January 13, 2020



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Western Wayne Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002, that we consider to be a material weakness.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated January 13, 2020, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

  
Paul D. Joyce, CPA  
State Examiner

January 13, 2020

(This page intentionally left blank.)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

WESTERN WAYNE SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY2018	\$ -	\$ 81,494	\$ -	\$ -
School Breakfast Program			FY2019	-	-	-	65,813
Total - School Breakfast Program				-	81,494	-	65,813
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY2018	-	245,404	-	-
National School Lunch Program			FY2019	-	-	-	231,416
School Snack Program			FY2018	-	5,146	-	-
School Snack Program			FY2019	-	-	-	6,836
Commodities			FY2018	-	44,716	-	-
Commodities			FY2019	-	-	-	41,321
Total - National School Lunch Program				-	295,266	-	279,573
Summer Food Service Program for Children							
School Summer Lunch Program	Indiana Department of Education	10.559					
School Summer Lunch Program			FY2019	-	-	-	5,105
School Summer Lunch Program			FY2018	-	4,246	-	-
Total - Summer Food Service Program for Children				-	4,246	-	5,105
Total - Child Nutrition Cluster				-	381,006	-	350,491
Child Nutrition Discretionary Grants Limited Availability							
School Meal Equipment	Indiana Department of Education	10.579	#7182017IN810342	-	-	-	11,278
Total - Department of Agriculture				-	381,006	-	361,769
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Ed 2017 Part B 611 Grant	Indiana Department of Education	84.027					
Special Ed 2017 Part B 611 Grant			14217-011-PN01	-	218,173	-	70
Special Ed 2018 Part B 611 Grant			18611-011-PN01	-	94,278	-	209,254
FY2019 Federal Part B 611 Grant			19611-011-PN01	-	-	-	117,143
Total - Special Education Grants to States				-	312,451	-	326,467
Special Education Preschool Grants							
Special Ed 2018 Preschool 619 Grant	Indiana Department of Education	84.173					
FY2019 Federal Preschool 619 Grant			18619-011-PN01	-	6,503	-	4,934
Special Ed 2017 Preschool 619 Grant			19619-011-PN01	-	-	-	10,082
Special Ed 2017 Preschool 619 Grant			45717-011-PN01	-	12,015	-	-
Total - Special Education Preschool Grants				-	18,518	-	15,016
Total - Special Education Cluster (IDEA)				-	330,969	-	341,483

WESTERN WAYNE SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2017-2018 Grant			S010A170014	-	174,344	-	33,170
Title I 2016-2017 Grant			S010A160014	-	39,007	-	-
Title I School Improvement Grant			S010A170014	-	36,780	-	3,220
Title I 18-19 Grant			S010A180014	-	-	-	168,764
Total - Title I Grants to Local Educational Agencies				-	250,131	-	205,154
Rural Education	Indiana Department of Education	84.358					
Rural & Low Income Schools FY16			S358B160014	-	6,308	-	15,800
Rural & Low Income Schools FY17			S358B170014	-	-	-	18,302
Total - Rural Education				-	6,308	-	34,102
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA FFY2017 Improving Teacher Quality			S367A170013	-	4,904	-	-
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV			S424A180015	-	-	-	7,500
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			01118-206-PN01	-	-	-	627
Total - Department of Education				-	592,312	-	588,866
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - IEP			FY18	-	12,190	-	-
Medicaid - IEP			FY19	-	-	-	16,892
Total - Medical Assistance Program				-	12,190	-	16,892
Total - Medicaid Cluster				-	12,190	-	16,892
Total - Department of Health and Human Services				-	12,190	-	16,892
Total federal awards expended				\$ -	\$ 985,508	\$ -	\$ 967,527

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

WESTERN WAYNE SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2018 and 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

The School Corporation is a member of the East Central Indiana Special Services Cooperative (Cooperative). The Cooperative operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements on the financial statement of the School Corporation.

**Note 4. English Language Acquisition Cooperative**

The School Corporation is a member of the Wabash Valley Education Center (Cooperative). The Cooperative operates the english language acquisition program for the School Corporation. As a result, some activity for the English Language Acquisition State Grants that is presented on the SEFA is not presented as receipts and disbursements on the financial statement of the School Corporation.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2019-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2017-002.

*Condition and Context*

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA). The officials prepared and reviewed the federal award information entered into Gateway; however, the review was ineffective.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$8,874 and \$5,513 for the periods ending June 30, 2018 and 2019, respectively.
2. The Child Nutrition Discretionary Grants Limited Availability grant expenditures were understated by \$11,278 for the period ending June 30, 2019.
3. The Title I Grants to Local Educational Agencies expenditures were overstated by \$24,992 for the period ending June 30, 2018.
4. The Rural Education expenditures were understated by \$15,800 for the period ending June 30, 2019.
5. The Supporting Effective Instruction State Grants expenditures were understated by \$24,991 for the period ending June 30, 2018.
6. The Medicaid Cluster was omitted resulting in an understatement of expenditures by \$11,859 and \$16,892 for the periods ending June 30, 2018 and 2019, respectively.
7. The CFDA number, program name, cluster name, and identifying number were incorrectly reported for several federal grants.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

The School Corporation's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2019-002**

Subject: Title I Grants to Local Education Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): S010A170014, S010A180014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Finding: Material Weakness

*Condition and Context*

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 Provision - Annual Report Card, High School Graduation Rate compliance requirement. One person entered mobility codes into the system without an oversight, review, or approval process, or other compensating control.

The lack of internal controls was isolated to fiscal year 2018-2019.

*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*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the compliance requirement listed above.

*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 requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2017-001***

Fiscal year in which the finding initially occurred: FY2015  
Contact Person Responsible for Corrective Action: Peggy Huesman  
Contact Phone Number: 765-478-5375

Status of Audit Finding:

The Treasurer and Deputy Treasurer take turns getting the mail and taking deposits to the bank. The Treasurer has the Deputy Treasurer, Superintendent or another school employee initial all deposits.

### ***FINDING 2017-002***

Fiscal year in which the finding initially occurred: FY2015  
Contact Person Responsible for Corrective Action: Peggy Huesman  
Contact Phone Number: 765-478-5375

Status of Audit Finding: The Treasurer and Superintendent review the information on the SEFA. After it is submitted the Treasurer and Superintendent sign the SEFA.

### ***FINDING 2017-003***

Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Dr. George Philhower  
Contact Phone Number: 765-4748-5375

Status of Audit Finding: The Elementary Principal keeps time and effort sheets on personnel who are paid by split funds. The Treasurer and Deputy Treasurer check to see that the Principal has completed these time and effort sheets on the correct personnel. They are filed in the grant folder.

### ***FINDING 2017-004***

Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: George Philhower

Contact Phone Number: 765-478-5375

Status of Audit Finding: The Elementary Principal provides the Title I Director a list of aides paid out of the Title I grant, she makes sure they meet the higher education requirement or take the ParaPro Assessment test.

**FINDING 2017-005**

Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Betty Huddleston  
Contact Phone Number: 765-478-5916

Status of Audit Finding: The Cafeteria Director checks the SAM's website to make sure our Vendor's have not been suspended or debarred.

**FINDING 2017-006**

Fiscal year in which the finding initially occurred: FY2017  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Betty Huddleston  
Contact Phone Number: 765-478-5916

Status of Audit Finding: The Cafeteria Director has a Bldg. Administrator check all of the free and reduced applications. The Superintendent checks and signs the Annual Verification, as well as signing the Annual Financial report.

**FINDING 2017-007**

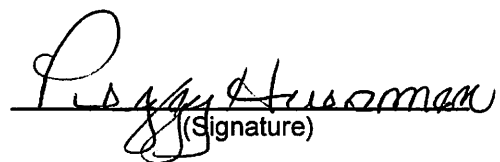
Fiscal year in which the finding initially occurred: FY2015  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Betty Huddleston  
Contact Phone Number: 765-478-5916

14

14

Status of Audit Finding: The Cafeteria Director uses the "free and reduced modular" on her software to produce her Verification Summary report, the Superintendent also reviews and signs off on it.

The Corporation Treasurer double checks the accuracy of the monthly reimbursement claim, signs, dates and send it back to the Cafeteria Director to file.

  
(Signature)

Trammell  
(Title)

12/5/19  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

## CORRECTIVE ACTION PLAN

### ***FINDING 2019-001***

Contact Person Responsible for Corrective Action: Peggy Huesman  
Contact Phone Number: 765-478-5375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Treasurer will use the corrected 2018-2019 SEFA as a guideline in completing future SEFA's. The Superintendent will work with the Treasurer and make sure all federal funds are reported on the SEFA.

Anticipated Completion Date: July 2020

### ***FINDING 2019-002***

Contact Person Responsible for Corrective Action: Cheri Bills  
Contact Phone Number: 765-478-5916

Views of Responsible Official: We concur with the finding.

Student Enrollment Procedure for Lincoln Middle School and Lincoln High School

1. Secretary asks Parent/Guardian fills out registration packet information.
2. New Student is added to student management software.
3. Registrar Transfers student on STN site, adds student to Realtime report.
4. Registrar Creates new student cumulative record folder.
5. Registrar Requests records from previous school.
6. Registrar Places records in cumulative folder.
7. If student is a special needs student, correct personnel is notified.
8. Add transcript information into student management system.
9. Principal signs off that all information is complete.
10. Student cumulative file is filed with his/her Cohort records.

#### Student Exit Procedure for Lincoln Middle School and Lincoln High School

1. Student's parent is asked to sign withdrawal form, is given either withdrawal form or withdrawal to Homeschool form by Registrar.
2. Student is exited from student management software by Registrar.
3. Student permanent record is updated and filed with withdrawn students by Registrar.
4. Student is exited on DOE Realtime report by Registrar.  
NEW STEPS ADDED:
5. Cohort Binder is updated by Registrar, see steps 5a and 5b.
  - a. Registrar adds student name and information to correct Withdrawal list  
Includes: name, last date of enrollment, exit code, date record request is received, date records were sent, acknowledgement of records received date and Realtime report exit date
  - b. Registrar adds copy of withdrawal form, records request and copy of records received acknowledgement to binder,
6. Registrar Checks Official Cohort list to confirm student has been correctly removed from the Cohort
7. Principal/Superintendent audit above steps and sign-off on the above steps monthly.

There is a binder for each cohort that will house the 4 Year Cohort Report from the learning connection as well as a copy of all withdrawal forms and record requests. The originals will be kept in the student cumulative record. We have also created a verification of enrollment letter to be sent to schools our students enroll in when they leave us.

Anticipated Completion Date: February 2020

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.