

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WESTVIEW SCHOOL CORPORATION

LAGRANGE COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
03/31/2021

*Reissued on April 19, 2021,
to correct the Schedule of
Expenditures of Federal
Awards and related reports.*

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.....	13-20
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-24
Corrective Action Plan	25-28
Other Reports.....	29

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brian Christner	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Randy Miller	07-01-18 to 06-30-21
President of the School Board	Gerald Lee Keith Lambright	01-01-18 to 12-31-18 01-01-19 to 12-31-21



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 WESTVIEW SCHOOL CORPORATION, LAGRANGE 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 Westview School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 15, 2021, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 15, 2021



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 WESTVIEW SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Westview School Corporation's (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, 2018 to June 30, 2020. 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, 2018 to June 30, 2020.

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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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.

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 items 2020-001, 2020-002, 2020-003, and 2020-004, that we consider to be material weaknesses.

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, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated March 15, 2021, 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
Paul D. Joyce, CPA
State Examiner

March 15, 2021

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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.

WESTVIEW SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2018-2019	\$ -	\$ 50,079	\$ -	\$ -
School Breakfast Program			FY 2019-2020	-	-	-	37,311
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	-	-	-	20,430
Total - School Breakfast Program				-	50,079	-	57,741
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2018-2019	-	387,770	-	-
National School Lunch Program			FY 2019-2020	-	-	-	298,800
Commodities			FY 2018-2019	-	105,665	-	-
Commodities			FY 2019-2020	-	-	-	102,232
Sub-total - National School Lunch Program				-	493,435	-	401,032
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	-	-	55,638
Total - National School Lunch Program				-	493,435	-	456,670
Total - Child Nutrition Cluster				-	543,514	-	514,411
Total - Department of Agriculture				-	543,514	-	514,411
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education - Grants to States	Indiana Department of Education	84.027					
Special Education - Grants to States			18611-044-PN01	-	98,810	-	-
Special Education - Grants to States			19611-044-PN01	-	614,418	-	147,253
Special Education - Grants to States			20611-042-PN01	-	-	-	681,233
Total - Special Education - Grants to States				-	713,228	-	828,486
Special Education - Preschool Grants	Indiana Department of Education	84.173					
Special Education - Preschool Grants			19619-044-PN01	-	14,027	-	-
Special Education - Preschool Grants			20619-042-PN01	-	-	-	14,824
Total - Special Education - Preschool Grants				-	14,027	-	14,824
Total - Special Education Cluster (IDEA)				-	727,255	-	843,310

WESTVIEW SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grants to Local Educational Agencies			17-0014	-	138,366	-	-
Title I Grants to Local Educational Agencies			18-0014	-	608,148	-	39,908
Title I Grants to Local Educational Agencies			19-0014	-	-	-	488,379
Total - Title I Grants to Local Educational Agencies				-	746,514	-	528,287
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Acquisition State Grants			17-0014	-	17,077	-	-
English Language Acquisition State Grants			18-0014	-	66,769	-	12,305
English Language Acquisition State Grants			19-0014	-	-	-	66,403
Total - English Language Acquisition State Grants				-	83,846	-	78,708
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Supporting Effective Instruction State Grants			18-0013	-	121,413	-	-
Supporting Effective Instruction State Grants			19-0013	-	-	-	110,754
Total - Supporting Effective Instruction State Grants				-	121,413	-	110,754
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Student Support and Academic Enrichment Program			17-0015	-	66,890	-	13,004
Student Support and Academic Enrichment Program			18-0015	-	-	-	50,250
Student Support and Academic Enrichment Program			19-0015	-	-	-	7,602
Total - Student Support and Academic Enrichment Program				-	66,890	-	70,856
Total - Department of Education				-	1,745,918	-	1,631,915
Total federal awards expended				\$ -	\$ 2,289,432	\$ -	\$ 2,146,326

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

WESTVIEW SCHOOL CORPORATION
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, 2019 and 2020. 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 Northeast Indiana Special Education Cooperative (Cooperative), which 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 in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

WESTVIEW SCHOOL CORPORATION
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Child Nutrition Cluster - Procurement
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
 CFDA Numbers: 10.533, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Other Matters

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had a procurement policy over federal grants/funds that included the following procurement methods: micro-purchases, small purchases, and sealed bids. For micro-purchases, the School Corporation did not have documented rationale that procurements were distributed among qualified suppliers for full and open competition.

The lack of internal 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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320(a) states:

"Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). 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."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the procurement requirements.

Effect

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

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an internal control system to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2020-002

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2019-2020

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Condition and Context

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

The School Corporation performed the standard method to verify approved free and reduced price applications. Of the six applications required to be verified, one applicant only provided their net wages earned instead of gross wages earned. As a result, the School Corporation did not sufficiently verify the applicant's income.

The lack of internal controls and noncompliance were systemic issues during fiscal year 2019-2020.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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(a)(7)(i) states in part: "Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household's circumstances, such as wage stubs, award letters and letters from employers. . . ."

USDA Eligibility Manual for School Meals Determining and Verifying Eligibility dated July 18, 2017, page 24 states in part:

"Households must report current income on a free and reduced price application. . . .

Current income means the gross income received by a household, before deductions, for the current month, or the amount projected for the first month for which the application is filled out, or for the month prior to application. . . ."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) 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 an internal control system to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-003

Subject: Title I Grants to Local Educational Agencies - Reporting; 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): 17-0014, 18-0014, 19-0014
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting; 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 to ensure compliance with requirements related to the grant agreement and the Reporting and Special Tests and Provisions - Annual Report Card/High School Graduation Rate compliance requirements.

Reporting

There was no tangible evidence of a process in place over the Final Expenditure Reports to ensure that the reports were accurate.

Special Tests and Provisions - Annual Report Card/High School Graduation Rate

There was no tangible evidence of a process in place over the Annual Report Card/High School Graduation Rate to ensure that mobility codes were entered correctly.

The lack of internal controls 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). . . ."

Cause

Management had not developed an internal control system that segregated key functions.

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 an internal control system to ensure compliance with the grant agreement and the Reporting and Special Tests and Provisions - Annual Report Card/High School Graduation Rate compliance requirements.

Views of Responsible Officials

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

FINDING 2020-004

Subject: Title I Grants to Local Educational Agencies - Earmarking
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): 17-0014, 18-0014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Other Matters

Condition and Context

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 earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The allocation amount for Parental Involvement for the fiscal year 2017 Title I grant was \$10,574. The actual amount spent from their Title I grant was \$8,181. This resulted in a shortfall of \$2,393 spent for Parental Involvement.

The allocation amount for Parental Involvement for the 2018 Title I grant was \$7,600. The actual amount spent from their Title I grant was \$5,865. This resulted in a shortfall of \$1,735 spent for Parental Involvement.

The allocation amount for Homeless for the 2018 Title I grant was \$600. The School Corporation did not spend funds for Homeless from their Title I grant.

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

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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). . . ."

20 USC 6318(a)(3) states in part:

"(A) In general. Each local educational agency shall reserve at least 1 percent of its allocation under subpart 2 to assist schools to carry out the activities described in this section, except that this subparagraph shall not apply if 1 percent of such agency's allocation under subpart 2 for the fiscal year for which the determination is made is \$5,000 or less. Nothing in this subparagraph shall be construed to limit local educational agencies from reserving more than 1 percent of its allocation under subpart 2 to assist schools to carry out activities described in this section. . . ."

(D) Use of Funds. Funds reserved under subparagraph (A) by a local educational agency shall be used to carry out activities and strategies consistent with the local educational agency's parent and family engagement policy, including not less than 1 of the following:

- (i) Supporting schools and nonprofit organizations in providing professional development for local educational agency and school personnel regarding parent and family engagement strategies, which may be provided jointly to teachers, principals, other school leaders, specialized instructional support personnel, paraprofessionals, early childhood educators, and parents and family members.
- (ii) Supporting programs that reach parents and family members at home, in the community, and at school.
- (iii) Disseminating information on best practices focused on parent and family engagement, especially best practices for increasing the engagement of economically disadvantaged parents and family members.
- (iv) Collaborating, or providing subgrants to schools to enable such schools to collaborate, with community-based or other organizations or employers with a record of success in improving and increasing parent and family engagement.
- (v) Engaging in any other activities and strategies that the local educational agency determines are appropriate and consistent with such agency's parent and family engagement policy."

WESTVIEW SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 6313(c)(3) states in part:

"(A) In General. A local educational agency shall reserve such funds as are necessary under this part, determined in accordance with subparagraphs (B) and (C), to provide services comparable to those provided to children in schools funded under this part to serve—

- (i) homeless children and youths, including providing educationally related support services to children in shelters and other locations where children may live;
- (ii) children in local institutions for neglected children; and
- (iii) if appropriate, children in local institutions for delinquent children, and neglected or delinquent children in community day programs. . . .

(C) Homeless children and youths. Funds reserved under subparagraph (A)(i) may be—
...

- (ii) used to provide homeless children and youths with services not ordinarily provided to other students under this part, including providing—(I) funding for the liaison designated pursuant to section 11432(g)(1)(J)(ii) of title 42; and (II) transportation pursuant to section 11432(g)(1)(J)(iii) of such title."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the earmarking requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the earmarking requirements 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 an internal control system to ensure compliance and comply with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

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

December 2, 2020

FINDING 2018-001

Fiscal year in which the finding initially occurred: 07/01/2017 – 06/30/2018

Status of Audit Finding:

This finding is because the SEFA was prepared by Brian L Christner, Director of Finance and filed on Gateway without any evidence of a review by a 2nd person who works at Westview.

The initial corrective action was completed on 04/22/2019.

Subsequent to this finding for the years ended 06/30/2019 and 06/30/20 the SEFA was prepared by the Director of Finance and the Superintendent, Dr. Randall Miller initialed an internal copy of the report after his review for both years.

The Superintendent and the Director of Finance both signed off on the SEFA for the 2018-19 school year on 08/28/2019.

The Superintendent and the Director of Finance both signed off on the SEFA for the 2019-20 school year on 8/26/2020

Prepared by Brian L Christner

Director of Finance



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

February 4, 2020

FINDING 2018-002

Fiscal year in which the finding initially occurred: 07/01/2017 – 6/30/2018

Status of Audit Finding:

The minutes of the Westview Board of Directors did not reflect the board's formal approval of the vendors that won the food bid for the school year ended 06/30/2018. For the subsequent years ended 06/30/2019 and 06/30/2020 the procurement process was completed through the Region 7 service center, Northern Indiana Education Service Center, and the School board's minutes do reflect the board's formal approval of the vendor select in this process.

Secondly, the finding states that the same person who originally approved the free or reduced application completed the actual work of the verification process for a randomly selected group of free or reduced applications. A second employee of the Corporation must complete the verification. Westview's free or reduced application clerk processed all applications and made the determination of the student's status. After the process was completed, the director of finance reviewed each applications to make sure that the status determination was accurate. In November 2019, after receiving a list of applications for verification the clerk prepared a letter requesting documented proof of the application's statement of income from the applicant. The clerk placed the letter in an envelope and put a stamped it and mailed it to parent. If the applicant did not return proof of income in a timely manner, the clerk consulted with the Director of Finance to figure out the best way to obtain the needed documentation for verification. Then the clerk wrote emails and used phone calls to encourage each applicant to provide the needed documentation. If the documentation not received then the status changed to full pay. If the documentation received, the Director of Finance reviewed the documentation and made a determination of what the applicant's status should be. Then the clerk prepared a letter to the applicant stating the status. This letter mailed to the parent by the clerk. The complete process reviewed by the Director of Finance.

Prepared by,

Brian L Christner,

Director of Finance



CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Brian L Christner
Contact Phone Number: 260-768-4404

Views of Responsible Official:

Westview purchases substantially all its bread, dairy, food, and other supplies through one of the vendors who won the competitive bidding process administered by the Northern Indiana Education Service Center (Region 7). However occasionally a shipment of food may be shorted or back-ordered. In these emergencies, the food service manager will need to go out to a local grocery store to make a purchase. Westview has not documented whether these micro purchases distributed among qualified supplies in full and open competition.

Description of Corrective Action Plan:

The Director of Finance will study the local suppliers in both Shipshewana and Topeka Indiana and make a list of qualified supplies. Westview will document that the distribution of micro purchases are fair and open.

Anticipated Completion Date: May 31, 2021



CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Brian L Christner
Contact Phone Number: 260-768-4404

Views of Responsible Official:

The director of finance is responsible to review and approve all the free or reduced lunch applications to make sure that they are prepared in accordance with the established rules. Then a random sample is selected for verification. This random sample must be verified with supporting documents. One of the applications that was verified used net pay information instead of gross pay to make the verification. This is not correct.

Description of Corrective Action Plan:

The director of finance will continue to conduct verification procedures and make sure that net pay is not used in place of gross pay to make the determination on the free or reduced lunch applications.

Anticipated Completion Date: October 31, 2021



CORRECTIVE ACTION PLAN

FINDING 2020-003

Contact Person Responsible for Corrective Action: Brian L Christner
Contact Phone Number: 260-768-4404

Views of Responsible Official:

We concur with the finding.

At the conclusion of each federal grant, a Final Expenditure Report (FER) is required. Typically, this completed using an electronic “jot form”. No opportunity for a signature is provide by the Indiana Department of Education or the Federal Government. The Director of Finance completes the “jot form” and then hits submit. Almost immediately, the receiving government entity emails back a receipt for stating that the FER was successfully received. The email typically includes a copy of the FER. The State Board of Accounts auditor’s position is that a second person in the Westview office should verify these reports. This review process has not been completed in the past.

Description of Corrective Action Plan:

After preparing the FER for grants, the Director of Finance will receive a second review signature for either the Director of Curriculum or the Superintendent.

The Westview School Corporation guidance secretary enters the information into the system when a student exits. Throughout the year, the high school principal checks the graduate cohort on Learning Connection and tracks student exits. In October, the principal reviews the final list of exit codes to finalize the previous year graduation rate. At this point, both the principal and the guidance secretary will sign off on the document so that tangible evidence of the review is created.

Anticipated Completion Date: October 31, 2021



CORRECTIVE ACTION PLAN

FINDING 2020-004

Contact Person Responsible for Corrective Action: Brian L. Christner
Contact Phone Number: 260-768-4404

Views of Responsible Official:

During both 2017 and 2018, Westview did not spend the entire Title I allocation for Parent Involvement. In addition, during 2018 Westview did not spend the \$600 amount allocated for homeless services. Westview did spend more than \$600 during that period but the amounts were coded to the Operations fund for transportation expenditures. Six-hundred dollars of the expenditures for homeless student's transportation should have been coded to the Title I grant.

Description of Corrective Action Plan:

In the future Westview will spend the correct amount allocated to parent involvement. In addition, Westview will code expenditures for homeless students to the Title I grant before using funds from another source.

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/>.