

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

FEDERAL COMPLIANCE AUDIT REPORT
OF
WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
TIPPECANOE COUNTY, INDIANA
July 1, 2019 to June 30, 2021



FILED
06/20/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ross Sloat Stephen Ohlhaut	07-01-19 to 03-30-22 04-01-22 to 06-30-22
Superintendent of Schools	Dr. Rocky Killion Ross Sloat Michael Pettibone Dr. Shawn Greiner	07-01-19 to 06-30-21 07-01-21 to 07-12-21 07-13-21 to 01-31-22 02-01-22 to 06-30-22
President of the School Board	Alan Karpick Rachel Witt	07-01-19 to 12-31-21 01-01-22 to 06-30-22



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 WEST LAFAYETTE COMMUNITY SCHOOL
CORPORATION, TIPPECANOE 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 West Lafayette Community School Corporation (School Corporation), for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 31, 2022, 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 2021-001, that we consider to be material weaknesses.

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 2021-001.

West Lafayette Community School Corporation's 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 31, 2022



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 WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION, TIPPECANOE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the West Lafayette Community 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, 2019 to June 30, 2021. 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, 2019 to June 30, 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
(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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2019 to June 30, 2021, and the related notes to the financial statement. We issued our report thereon dated May 31, 2022, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 31, 2022

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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.

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WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2019	\$ -	\$ 28,246	\$ -	\$ -
School Breakfast Program							
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2020	-	2,035	-	-
School Breakfast Program							
Total - School Breakfast Program				-	30,281	-	-
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555	FY2019	-	164,050	-	-
Commodities			FY 2019-21	-	62,722	-	75,800
Subtotal - National School Lunch Program				-	226,772	-	75,800
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	15,733	-	-
School Lunch Program							
Total - National School Lunch Program				-	242,505	-	75,800
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2020	-	-	-	936,427
Summer Food Service Program							
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2019	-	80,450	-	-
Summer Food Service Program							
Total - Summer Food Service Program for Children				-	80,450	-	936,427
Total - Child Nutrition Cluster				-	353,236	-	1,012,227
Total - Department of Agriculture				-	353,236	-	1,012,227
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	18611-021-PN01	-	3,371	-	-
FY 2018 Federal Part B 611 Grant			19611-021-PN01	-	114,072	-	-
FY 2019 Federal Part B 611 Grant			19611-021-PN01	-	-	-	6,158
FY 2020 Federal Part B 611 Grant			20611-021-PN01	-	324,100	-	-
FY 2021 Federal Part B 611 Grant			20611-021-PN01	-	-	-	116,294
FY 2021 Federal Part B 611 Grant			21611-021-PN01	-	-	-	349,968
Total - Special Education Grants to States				-	441,543	-	472,420

WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2019 Federal Part B 619 Grant			19619-021-PN01	-	3,519	-	-
FY 2020 Federal Part B 619 Grant			20619-021-PN01	-	11,532	-	-
FY 2020 Federal Part B 619 Grant			20619-021-PN01	-	-	-	3,554
FY 2019 Federal Part B 619 Grant			21619-021-PN01	-	-	-	10,599
<u>Total - Special Education Preschool Grants</u>				<u>-</u>	<u>15,051</u>	<u>-</u>	<u>14,153</u>
<u>Total - Special Education Cluster (IDEA)</u>				<u>-</u>	<u>456,594</u>	<u>-</u>	<u>486,573</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A			18611-001-PN01	-	91,022	-	-
Title I Part A			20-7875	-	117,632	-	-
Title I Part A			S010A190014	-	-	-	63,683
Title I Part A			S010A200014	-	-	-	97,240
<u>Total - Title I Grants to Local Educational Agencies</u>				<u>-</u>	<u>208,654</u>	<u>-</u>	<u>160,923</u>
Migrant Education State Grant Program	Indiana Department of Education	84.011					
Title I Part C - WVEC			38217-004-PN01	-	3,938	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III Part A			01118-087-PN01	-	19,358	-	-
Title III - WVEC			01118-212-PN01	-	15,742	-	-
Title III Immigrant Influx			01119-002-FLUX	-	12,129	-	-
Title III Part A			01120-076-PN01	-	16,239	-	-
Title III - WVEC			01120-208-PN01	-	187,207	-	-
Title III - WVEC			01120-208-PN01	-	-	-	83,839
Title III - WVEC			01121-207-PN01	-	-	-	130,013
Title III - WVEC			0119-207-PN01	-	104,976	-	-
Title III Part A			S365A180014	-	-	-	1,022
Title III Part A			S365A180014	-	-	-	20,838
Title III Part A			S365A190014	-	-	-	2,879
Title III Part A			S365A200013	-	-	-	18,630
<u>Total - English Language Acquisition State Grants</u>				<u>-</u>	<u>355,651</u>	<u>-</u>	<u>257,221</u>

WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2020 and 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20	Passed Through to Subrecipient 06-30-21	Total Federal Awards Expended 06-30-21
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A			17-7875	-	39,691	-	-
Title II Part A			19-7875	-	-	-	1,000
Title II Part A			S367A190013	-	-	-	71,444
Title II Part A			S367A200013	-	-	-	52,392
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	39,691	-	124,836
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A - WVEC			24492	-	40,305	-	-
Title IV Part A			2018-424-260	-	5,331	-	-
Title IV Part A			S424A180015	-	-	-	1,424
Title IV Part A			S424A190015	-	-	-	12,929
Title IV Part A			S424A200015	-	-	-	8,750
Total - Student Support and Academic Enrichment Program				-	45,636	-	23,103
Education Stabilization Fund CARES Act	Indiana Department of Education	84.425					
			S425D200013	-	-	-	140,586
Total - Education Stabilization Fund				-	-	-	140,586
Total - Department of Education				-	1,110,164	-	1,193,242
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters) DHS COVID-19	Indiana Department of Homeland Security	97.036					
			DHS COVID-19	-	-	-	6,724
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	-	-	6,724
Total - Department of Homeland Security				-	-	-	6,724
Total federal awards expended				\$ -	\$ 1,463,400	\$ -	\$ 2,212,193

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

WEST LAFAYETTE COMMUNITY 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, 2020 and 2021. 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. Greater Lafayette Area Special Services (GLASS)

The School Corporation is a member of the Greater Lafayette Area Special Services (GLASS). As a result, some of the 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 presented in the financial statement of GLASS.

WEST LAFAYETTE COMMUNITY 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
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

FINDING 2021-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established a system of internal control or separated incompatible activities related to cash and investments and financial close and reporting.

WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments

The School Corporation had not properly designed or implemented internal controls to ensure that all funds were properly recorded and reconciled. In July 2017, the School Corporation received proceeds from the sale of land with the restriction it be used for construction costs. The proceeds from the sale were deposited in a separate trust bank account in the name of the School Corporation; however, the proceeds were not recorded on the School Corporation's financial ledgers when it was received, nor was it reported on the financial statement. Additionally, the funds in the construction bank account were not included in the School Corporation's monthly bank reconciliements.

Financial Reporting

The School Corporation had not properly designed or implemented internal controls to ensure that the financial statement was accurate and complete. The School Corporation did not have effective internal controls in place to prevent, or detect and correct, errors on the financial statement.

Due to the lack of internal controls, the financial statement presented for audit included the following errors:

1. The 2017 Construction fund, which included the cash from the land sale as noted above, was omitted from the financial statement. The 2017 Construction fund should have reported beginning cash and investments of \$7,407,671; receipts of \$106,332; disbursements of \$2,824,421; and ending cash and investments of \$4,689,582 for the school year ending June 30, 2020. The 2017 Construction fund should have reported beginning cash and investments of \$4,689,582; receipts of \$176,672; disbursements of \$1,140,713; and ending cash and investments of \$3,725,541 for the school year ending June 30, 2021. Receipts for the audit period consisted only of interest received. Disbursements from the 2017 Construction fund were approved by the School Board at the monthly meetings, and draw requests were submitted to the bank trustee for payment.
2. The Clearing Fund receipts and disbursements were understated by \$12,921,815 and \$13,094,720, respectively, for fiscal year 2019-2020; and understated by \$5,281,598 and \$5,261,878, respectively, for 2020-2021.
3. Several additional funds had individually immaterial errors that resulted in an aggregate misstatement of receipts, disbursements, and other financing sources and uses of \$2,224,571, \$1,153,230, and \$1,037,998, respectively, for 2019-2020; and \$319,966, \$1,462,589, and \$ 0, respectively, for 2020-2021.

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

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:

WEST LAFAYETTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

Management had not established an effective system of internal control that would have ensured accurate recording of cash and investments, and reporting of the financial statement.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements or irregularities of the financial statement remained undetected. The financial statement included 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.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

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

West Lafayette Community School Corporation

1130 North Salisbury Street · West Lafayette, Indiana 47906-2447
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal Year in which the finding initially occurred: 2018
Status of Audit Finding: Corrected

Description of Corrective Action Plan:

In order to provide adequate internal control in the preparation of the SEFA the following steps will be followed:

1. The SEFA will be completed by the Deputy Treasurer
2. A review of the completed SEFA will be reviewed and compared to the financial reports by the Business Manager/CFO.
3. The process to enter the SEFA into Gateway can be cumbersome, therefore a review of this process and data entered will be carefully scrutinized by the Deputy Treasurer and Business Manager/CFO.
4. Grants that are part of the Wabash Valley Education Cooperative (item #1) will be reviewed by the WVEC treasurer for accuracy.
5. School lunch program (item #2) data will also be reviewed by the Food Service Director.

Anticipated Completion Date: Upcoming summer of 2020, when the next SEFA is completed and due.

FINDING 2019-002

Fiscal Year in which the finding initially occurred: 2015
Status of Audit Finding: Corrected

Description of Corrective Action Plan:

As stated following the 2015-2017 audit that concluded in the Fall of 2018, the WLCSC Food Service Department will determine the necessity of increasing lunch prices annually. The FS Department will utilize the Paid Lunch Equity calculator to compare the difference between price paid and Federally reimbursed and free lunches with the average price of paid lunch. The Interim CFO will review and sign off on the results. If price change is necessary, it will be presented to the School Board for approval.

Anticipated Completion Date: This was completed in Fall of 2018, and documentation sent to the IDOE via email January 29, 2019. Due to the timing of the audits, it was not possible to have corrected this

before the first year of 2017-2019 audit.

FINDING 2019-003

Fiscal Year in which the finding initially occurred: 2015

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

As stated following the 2015-2017 audit that concluded in the Fall of 2018, WLCSC hired a new Food Service Director after the 2013-2015 audit was completed. Courtney FitzSimons is the new Food Service Director for WLCSC, and has hired some additional staff to help with the shortage. She has stepped in to help keep the department in compliance, by serving as a second set of eyes for Free & Reduced applications and verifications. Reports will be double-checked by Courtney for accuracy before submission.

Anticipated Completion Date: Completed in the Fall of 2018. The documentation for this finding was sent to the IDOE via email January 29, 2019. Due to the timing of the audits, it was not possible to have corrected this before the first year of 2017-2019 audit.

FINDING 2019-004

Fiscal Year in which the finding initially occurred: 2015

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

As stated following the 2015-2017 audit that concluded in the Fall of 2018, with new kitchens opening at the two other school buildings, there will be a need for more staff. As a result, the cash balance will not continue to be as excessive as it has been in years past. In addition, the newly hired Food Service Director will oversee more of the financial management of the accounts and be in communication with the Business Office.

Anticipated Completion Date: In progress now, additional staff has been hired and all three kitchens are open as of January 2020. Documentation was sent to the IDOE via email January 29, 2019.

FINDING 2019-005

Fiscal Year in which the finding initially occurred: 2015

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

As stated following the 2015-2017 audit that concluded in the Fall of 2018, WLCSC hired a DOE-approved Food Service Director, Courtney FitzSimons, during the summer of 2018. She put together a plan, which complies with procurement, suspension and debarment procedures. The School Board was presented with the recommendation to join West Indy Coop, ending our relationship with HPS. In

addition, bids were taken for milk, bread, and sanitation. They were taken to the School Board for approval.

Anticipated Completion Date: Completed in the Fall of 2018. The documentation for this finding was sent to the IDOE via email January 29, 2019. Due to the timing of the audits, it was not possible to have corrected this before the first year of 2017-2019 audit.

FINDING 2019-006

Fiscal Year in which the finding initially occurred: 2015

Status of Audit Finding: Corrected

Description of Corrective Action Plan:

As stated following the 2015-2017 audit that concluded in the Fall of 2018, the Deputy Treasurer receives the Treasurer of the State ACH notifications for the Lunch/Breakfast Program reimbursements each month. The funds are automatically deposited into the corporation's bank account and entry for revenue is made into the financial software. A copy of the receipt is sent to the Food Service Director and/or Assistant Food Service Director for verification that the amount matches what was submitted to the State for that month.

In addition, the monthly transfers in the financial software system from Prepaid Lunch Account Fund 8400 to Fund 0800 will be reviewed and initialed by WLCSC CFO to verify reports and correct amounts.

Anticipated Completion Date: This was completed in Fall of 2018, and documentation sent to the IDOE via email January 29, 2019. Due to the timing of the audits, it was not possible to have corrected this before the first year of 2017-2019 audit.

West Lafayette Community School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2021-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Stephen Ohlhaut

Contact Phone Number: 765-746-1602

Views of Responsible Official:

We understand the audit position of the State Board of Accounts on this finding, with the following context.

1.) The receipt of proceeds from the sale of land to the West Lafayette School Building Corporation (the "Building Corporation") in July 2017 was part of the issuance of Bonds for Construction. These proceeds were appropriated by the School Board after a public hearing by the adoption of an Additional Appropriation Resolution in December 5, 2016 in the total amount of \$49,700,000. The real estate sold to the Building Corporation was appraised by professional appraisers and approved by the Tippecanoe County Circuit Court and such bond proceeds in the amount of \$7,444,000 were transferred into a Construction Depository Account in the name of the School Corporation pursuant to a Depository Agreement dated July 11, 2017 with Huntington Bank.

Disbursements from the account were processed pursuant to the terms of the Depository Agreement upon authorization from the Interim CFO. Such Requests for Payment from this Account were made in the same form and manner as disbursements from the Building Corporation Construction Account created at this Bond issuance which included being listed in the monthly Accounts Payable report approved by the Board of School Trustees at public school board meetings. Management was advised that these bond proceeds should be held in a separate account from other school funds in order to track them for Federal tax purposes and believed at that time that these proceeds were to be treated as Building Corporation assets and not included on the School Corporation's financial statements.

Internal controls to spend said funds followed the Depository agreement with the Trustee Bank. Failure to list these funds on School Corporation financial statements resulted from previous Management's belief that these funds were to be handled in the same manner as Building Corporation assets.

Disbursements from such account were otherwise processed like any other school funds including approval by the School Board at public meetings as part of its monthly claims process.

2.) In response to the request for Form 13 reports (the financial statements provided to the Auditors at the beginning of the audit), the school corporation generated financial statements that mirror the Form 9, which excludes Clearing Funds. We did not realize that Clearing Funds were reportable on Form 13 at the time it was submitted. All future SBOA financial reporting will include the Clearing Funds, regardless of differences with Form 9.

3.) The two software systems used during the audit period reported certain transactions (such as transfers) in different ways. In working through these inconsistencies in the software, these individually

immaterial errors became part of the Financial Statement. Beginning and ending balances were not affected.

Description of Corrective Action Plan:

- 1.) These funds will be listed on school corporation financial reports effective May, 2022.
- 2.) The upload for the Gateway AFR will include ALL funds on our fund report, none will be excluded, to ensure everything is stated.
- 3.) Familiarity with and consistent use of the same software program along with dual control checks on the AFR submission will reduce the possibility of any future errors.

Anticipated Completion Date:

- 1.) May 2022
- 2.) August 2022 when the next Gateway AFR is completed
- 3.) August 2022 when the next Gateway AFR is completed

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/>.