

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
WES-DEL COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA
July 1, 2020 to June 30, 2022



FILED
02/24/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Fowler	07-01-20 to 06-30-23
Superintendent of Schools	Kyle Mealy	07-01-20 to 06-30-23
President of the School Board	Joe Schneider Steve Dowling Larry Batt Gary Rooker	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 06-30-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WES-DEL COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Wes-Del Community School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

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

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 2, 2023

WES-DEL COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The School Corporation had not established an effective internal control system over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's financial statement.

The Treasurer prepared the financial information entered into Gateway. An approval process, which involved a review by the Superintendent of Schools, was created to ensure that information entered was accurate; however, the internal control was not effective and did not detect and allow for correction of errors.

The financial statement presented for audit included the following errors:

1. The beginning cash and investments balances for 34 funds were, in aggregate, understated by \$415,874, and 18 funds were, in aggregate, understated \$668,404 for the periods ending June 30, 2021 and 2022, respectively.
2. Receipts for 27 funds were, in aggregate, understated by \$11,413,083, and 14 funds were, in aggregate, understated by \$1,883,114 for the periods ending June 30, 2021 and 2022, respectively.
3. Disbursements for 34 funds were, in aggregate, understated by \$11,160,548, and 16 funds were, in aggregate, understated by \$1,840,711 for the periods ending June 30, 2021 and 2022, respectively.
4. Other financing sources and uses for a fund was, in aggregate, overstated by \$39,689 for the period ending June 30, 2022.

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. . . ."

WES-DEL COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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](#)."

ANNUAL FINANCIAL REPORTS

Condition and Context

The School Corporation's Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Expenditures of Federal Awards, Schedule of Leases and Debt, and Schedule of Capital Assets had material variances. The variances were due to the School Corporation not reporting the correct beginning balances, receipts, disbursements, other financing sources (uses), grant expenditures, holding corporation leases, and capital asset amounts within the Annual Financial Report.

Criteria

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](#)."

COMPLIANCE WITH GRANT REQUIREMENTS

Condition and Context

The School Corporation did not comply with the grant requirements for Activities Allowed or Unallowed and Allowable Costs/Cost Principles for expenditures from the COVID-19 - Education Stabilization Fund program.

WES-DEL COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

WES-DEL COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2023, with Sharon Fowler, Treasurer; Kyle Mealy, Superintendent of Schools; Gary Rooker, President of the School Board; and Amy Townsend, School Board Policy Liaison.