

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WEST WASHINGTON SCHOOL CORPORATION

WASHINGTON COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED
03/09/2023

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	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-20
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-24
Corrective Action Plan	25-26
Other Reports.....	27

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth D. Gilbert Andrea Little	07-01-20 to 06-30-22 07-01-22 to 06-30-23
Superintendent of Schools	Keith A. Nance	07-01-20 to 06-30-23
President of the School Board	Joe Walker, Jr. Sal Sama	07-01-20 to 01-03-22 01-04-22 to 12-31-23



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 WASHINGTON SCHOOL
CORPORATION, WASHINGTON 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 Washington School Corporation (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 27, 2023, 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.

Report on 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) as a basis for designing 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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, 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)

Report on 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 2022-001.

West Washington School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

February 27, 2023



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 WASHINGTON SCHOOL CORPORATION, WASHINGTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Washington 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, 2020 to June 30, 2022. 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.

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, 2020 to June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

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)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002, to be material weaknesses.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other 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, 2020 to June 30, 2022, and the related notes to the financial statement. We issued our report thereon dated February 27, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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

February 27, 2023

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.

(This page intentionally left blank.)

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY21	\$ 64,647	\$ -
School Breakfast Program			FY22	-	147,686
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY21	16,321	-
Total - School Breakfast Program				<u>80,968</u>	<u>147,686</u>
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY21	160,502	-
National School Lunch Program			FY22	-	393,292
Commodities			FY21	32,423	-
Commodities			FY22	-	43,676
Subtotal - National School Lunch Program				<u>192,925</u>	<u>436,968</u>
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY21	38,410	-
FY22 SNP Emergency Funds			FY22	-	12,882
Total - National School Lunch Program				<u>231,335</u>	<u>449,850</u>
Total - Child Nutrition Cluster				<u>312,303</u>	<u>597,536</u>
Total - Department of Agriculture				<u>312,303</u>	<u>597,536</u>

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
Department of Education					
Special Education Cluster (IDEA)					
Special Education Grants to States					
	Indiana Department of Education	84.027			
Special Education Grants to States - FY19			19611-54-PN01	1,237	-
Special Education Grants to States - FY20			20611-52-PN01	110,112	182
Special Education Grants to States - FY21			21611-52-PN01	134,877	124,626
Special Education Grants to States - FY22			22611-52-PN01	-	132,781
				<u>246,226</u>	<u>257,589</u>
Subtotal - Special Education Grants to States					
COVID-19 - Special Education Grants to States					
	Indiana Department of Education	84.027			
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021(ARP)			22611-052-ARP	-	34,297
				<u>-</u>	<u>34,297</u>
Total - Special Education Grants to States					
				<u>246,226</u>	<u>291,886</u>
Special Education Preschool Grants					
	Indiana Department of Education	84.173			
Special Education Preschool Grants - FY20			20619-52-PN01	4,668	24
Special Education Preschool Grants - FY21			21619-52-PN01	6,384	3,638
Special Education Preschool Grants - FY22			22619-52-PN01	-	8,751
				<u>11,052</u>	<u>12,413</u>
Subtotal - Special Education Preschool Grants					
COVID-19 - Special Education Preschool Grants					
	Indiana Department of Education	84.173			
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021(ARP)			22619-052-ARP	-	3,800
				<u>-</u>	<u>3,800</u>
Total - Special Education Preschool Grants					
				<u>11,052</u>	<u>16,213</u>
Total - Special Education Cluster (IDEA)					
				<u>257,278</u>	<u>308,099</u>
Title I Grants to Local Educational Agencies					
	Indiana Department of Education	84.010			
Title I Grants to Local Educational Agencies			S010A190014	57,971	9,545
Title I Grants to Local Educational Agencies			S010A200014	67,584	110,837
				<u>125,555</u>	<u>120,382</u>
Total - Title I Grants to Local Educational Agencies					

WEST WASHINGTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

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	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
Rural Education	Indiana Department of Education	84.358			
Rural & Low Income			S358B0180014	7,012	2,789
Rural & Low Income			S358B0190014	-	11,318
Rural & Low Income			S358B200014	-	1,750
Total - Rural Education				<u>7,012</u>	<u>15,857</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367			
Title II Improving Teacher Quality State Grants			7000S367A180013	3,174	-
Title II Improving Teacher Quality State Grants			S367A190013	31,216	524
Title II Part A-Supporting Effective Instruction			S367A200013	-	33,919
Title II Part A-Supporting Effective Instruction			S367A210013	-	14,239
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				<u>34,390</u>	<u>48,682</u>
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424			
Title IV Part A-Student Support & Academic Enrichment Grants			S424A190015	4,400	7,604
Title IV Part A-Student Support & Academic Enrichment Grants			S424A200015	-	19,145
Title IV Part A-Student Support & Academic Enrichment Grants			S424A210015	-	15,159
Total - Student Support and Academic Enrichment Program				<u>4,400</u>	<u>41,908</u>
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425			
Elementary and Secondary School Emergency Relief (ESSER) Fund		84.425D	S425D200013	182,904	-
FY21 ESSER II Elementary and Secondary School Emergency Relief (ESSER) Fund		84.425D	S4250200013	-	602,058
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)		84.425U	S425U200018	-	584,630
CARES - Governor's Emergency Education Relief Fund (GEER)		84.425C	S425C200018	7,557	22,443
Total - COVID-19 - Education Stabilization Fund				<u>190,461</u>	<u>1,209,131</u>
Total - Department of Education				<u>619,096</u>	<u>1,744,059</u>
Total federal awards expended				<u>\$ 931,399</u>	<u>\$ 2,341,595</u>

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

WEST WASHINGTON 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, 2021, and 2022. 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. South Central Area Special Education Cooperative

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the special education program for the School Corporation. 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 the Cooperative's fiscal agent.

WEST WASHINGTON 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?	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:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	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 Finding

FINDING 2022-001

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

Condition and Context

The School Corporation had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

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

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although, the Treasurer compiled and entered the federal award information into Gateway and the Superintendent of Schools reviewed and approved the information entered prior to submission, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The Child Nutrition Cluster expenditures for fiscal year 2021-2022 were understated by \$263,120.
2. The Special Education Cluster (IDEA) expenditures for 2021-2022 were understated by \$239,128.
3. The COVID-19 - Education Stabilization Fund expenditures for 2021-2022 were overstated by \$134,242.
4. Three federal grants had individually immaterial errors for 2020-2021 that resulted in misstatements of expenditures of \$91,814, in total. Additionally, three federal grants had individually immaterial errors for 2021-2022 that resulted in misstatements of expenditures of \$106,566, in total.
5. Other errors included incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

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

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

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

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

Cause

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Finding and Questioned Costs

FINDING 2022-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

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

Assistance Listings Numbers: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY21

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

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 Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation did not obtain price or rate quotes for purchases of milk or food exceeding \$10,000 from an adequate number of sources, which fell under the small purchase procedures. Both of the small purchase procurements tested did not comply.

Suspension and Debarment

The School Corporation did not verify that vendors with contracts over \$25,000 were not excluded or disqualified from participation in federal award programs. Both of the contracts tested did not comply.

The lack of internal controls and noncompliance were systemic issues throughout fiscal year 2020-2021.

WEST WASHINGTON 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). . . ."

2 CFR 200.318 states in part:

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

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not established a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

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

Effect

The failure to design and implement an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls 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.

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 Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

Keith A. Nance

Superintendent
nancek@wwcs.k12.in.us

Sarah Burks

Secretary
burks@wwcs.k12.in.us

Andrea Little

Treasurer
littlea@wwcs.k12.in.us

Barb Davis

Deputy Treasurer
davisb@wwcs.k12.in.us

Jennifer Pavey

State Reporting
paveyj@wwcs.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred:

2019-2020

Status of Audit Finding:

The prior finding has been corrected as of July 1, 2021 in accordance with the corrective action plan.

“We Grow”

West Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

Keith A. Nance

Superintendent
nancek@wwcs.k12.in.us

Sarah Burks

Secretary
burks@wwcs.k12.in.us

Andrea Little

Treasurer
littlea@wwcs.k12.in.us

Barb Davis

Deputy Treasurer
davisb@wwcs.k12.in.us

Jennifer Pavey

State Reporting
paveyj@wwcs.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal year in which the finding initially occurred:

2019-2020

Status of Audit Finding:

Procurement: We are continuing to work on our internal control procedures to ensure compliance with procurements made through the Wilson Education Center.

Suspension and Debarment: We are continuing to work on our internal control procedures to ensure compliance with suspension and debarment in relation to procurements made through the Wilson Education Center.

“We Grow”

West Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

Keith A. Nance

Superintendent
nancek@wwcs.k12.in.us

Sarah Burks

Secretary
burks@wwcs.k12.in.us

Andrea Little

Treasurer
littlea@wwcs.k12.in.us

Barb Davis

Deputy Treasurer
davisb@wwcs.k12.in.us

Jennifer Pavey

State Reporting
paveyj@wwcs.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-003

Fiscal year in which the finding initially occurred:

2019-2020

Status of Audit Finding:

The prior finding has been corrected as of July 1, 2021 in accordance with the corrective action plan.

“We Grow”

West Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

Keith A. Nance
Superintendent
nancek@wwcs.k12.in.us

Sarah Burks
Secretary
burks@wwcs.k12.in.us

Andrea Little
Treasurer
litlea@wwcs.k12.in.us

Barb Davis
Deputy Treasurer
davisb@wwcs.k12.in.us

Jennifer Pavey
State Reporting
paveyj@wwcs.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action:

Corporation Treasurer Andrea Little, Deputy Treasurer Barb Davis and Superintendent Keith Nance

Contact Phone Number:

812-755-4872

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

The corporation treasurer will review expenditures and receipts in all grants and funds a few times a month to ensure what is being posted are indeed correct and adhere to the policies and procedures for each grant. Before uploading and submitting to Gateway, the treasurer, deputy treasurer and superintendent will review to ensure that reimbursements match the receipts and grant schedule.

Anticipated Completion Date:

Immediately

“We Grow”

West Washington School Corporation

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

Keith A. Nance
Superintendent
nancek@wwcs.k12.in.us

Sarah Burks
Secretary
burkss@wwcs.k12.in.us

Andrea Little
Treasurer
litlea@wwcs.k12.in.us

Barb Davis
Deputy Treasurer
davisb@wwcs.k12.in.us

Jennifer Pavey
State Reporting
paveyj@wwcs.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action:

Food Service Director Billie Jo Russell

Contact Phone Number:

812-755-4872

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

Procurement – The School Corporation has established internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment requirement. The Food Service Director will obtain information from the Wilson Service Center for any necessary documentation pertaining to this requirement. The School Corporation has procured any food and supply purchases that exceed \$150,000 and will maintain documentation for procurement procedures for purchases under \$150,000.

Suspension/Debarment – Procedures will be implemented to ensure our procurement agent is an approved procurement agent.

Anticipated Completion Date:

Immediately

“We Grow”

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/>.