

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST WASHINGTON SCHOOL CORPORATION

WASHINGTON COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/09/2023

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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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WEST WASHINGTON SCHOOL
CORPORATION, WASHINGTON COUNTY, INDIANA

This report is supplemental to our audit report of the West Washington 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 27, 2023

WEST WASHINGTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

Condition and Context

The Textbook Rental fund was overdrawn at June 30, 2021 and 2022, by \$40,500 and \$98,264, respectively.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

ANNUAL FINANCIAL REPORT - GRANT SCHEDULE

Condition and Context

The School Corporation had not established effective internal controls over the federal grant 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).

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 \$584,630.

WEST WASHINGTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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 the Federal Compliance Audit Report for the School Corporation.

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. . . ."

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](#)."

WEST WASHINGTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2023, with Keith A. Nance, Superintendent of Schools; Andrea Little, Treasurer; and Sal Sama, President of the School Board.