

Whitehall District Schools
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2021



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Whitehall District Schools
Whitehall, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall District Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Whitehall District Schools' basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whitehall District Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whitehall District Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Whitehall District Schools' 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Education
Whitehall District Schools
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whitehall District Schools’ financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Muskegon, Michigan
October 15, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Whitehall District Schools
Whitehall, Michigan

Report on Compliance for Each Major Federal Program

We have audited Whitehall District Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Whitehall District Schools' major federal programs for the year ended June 30, 2021. Whitehall District Schools' 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 Whitehall District Schools' 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 Whitehall District Schools' 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 Whitehall District Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Whitehall District Schools 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 year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2021-001**. Our opinion on each major federal program is not modified with respect to this matter.

Whitehall District Schools' response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Whitehall District Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Whitehall District Schools 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 Whitehall District Schools' 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 an 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 Whitehall District Schools' 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 a 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs, as **Finding 2021-002**, that we consider to be a significant deficiency.

Board of Education
Whitehall District Schools
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Report on Internal Control Over Compliance—Continued

Whitehall District Schools’ response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Whitehall District Schools’ response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall District Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Whitehall District Schools’ basic financial statements. We issued our report thereon dated October 15, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.



Muskegon, Michigan
October 15, 2021

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

Federal grantor/pass-through grantor/ program or cluster title/identifying number	CFDA/ Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2020	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2021	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education</i>									
Passed through Michigan Department of Education:									
Adult Education—Basic Grants to States	84.002A								
201130-201731		\$ 95,000	\$ 37,185	\$ -	\$ 37,185	\$ 95,000	\$ -	\$ -	\$ -
201190-201731		12,058	1,729	-	1,729	12,058	-	-	-
211130-211731		72,000	-	-	52,250	-	72,000	19,750	-
211190-211731		8,139	-	-	6,517	-	6,517	-	-
		187,197	38,914	-	97,681	107,058	78,517	19,750	-
Title I Grants to Local Educational Agencies	84.010A								
201530-1920		367,356	94,228	-	94,228	329,008	-	-	-
211530-2021		352,283	-	-	234,532	-	352,283	117,751	-
		719,639	94,228	-	328,760	329,008	352,283	117,751	-
Supporting Effective Instruction State Grants	84.367A								
200520-1920		74,161	13,291	-	13,291	74,161	-	-	-
210520-2021		61,213	-	-	7,532	-	9,245	1,713	-
		135,374	13,291	-	20,823	74,161	9,245	1,713	-
Student Support and Academic Enrichment Program	84.424A								
210750-2021		23,053	-	-	5,824	-	7,160	1,336	-
Education Stabization Fund									
Elementary and Secondary School Education Relief Fund	84.425D								
203710-1920 COVID-19		259,045	-	-	253,429	-	259,045	5,616	-
Total passed through Michigan Department of Education		1,324,308	146,433	-	706,517	510,227	706,250	146,166	-
Passed through Ottawa Area Intermediate School District:									
Student Support and Academic Enrichment Program	84.424A								
200750-1920		1,073	1,073	-	1,073	1,073	-	-	-

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2021

Federal grantor/pass-through grantor/ program or cluster title/identifying number	CFDA/ Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2020	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2021	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education—Continued</i>									
Passed through Muskegon Area Intermediate School District:									
Special Education Cluster									
Special Education—Grants to States	84.027A								
200450-1920		\$ 387,392	\$ 28,746	\$ -	\$ 28,746	\$ 387,392	\$ -	\$ -	\$ -
210450-2021		388,846	-	-	365,223	-	388,846	23,623	-
		<u>776,238</u>	<u>28,746</u>	<u>-</u>	<u>393,969</u>	<u>387,392</u>	<u>388,846</u>	<u>23,623</u>	<u>-</u>
Special Education—Preschool Grants	84.173A								
210460-2021		18,623	-	-	18,623	-	18,623	-	-
Total Special Education Cluster		<u>794,861</u>	<u>28,746</u>	<u>-</u>	<u>412,592</u>	<u>387,392</u>	<u>407,469</u>	<u>23,623</u>	<u>-</u>
English Language Acquisition State Grants	84.365A								
210750-2021		960	-	-	214	-	960	746	-
Total passed through Muskegon Area Intermediate School District		<u>795,821</u>	<u>28,746</u>	<u>-</u>	<u>412,806</u>	<u>387,392</u>	<u>408,429</u>	<u>24,369</u>	<u>-</u>
Total U.S. Department of Education		<u>2,121,202</u>	<u>176,252</u>	<u>-</u>	<u>1,120,396</u>	<u>898,692</u>	<u>1,114,679</u>	<u>170,535</u>	<u>-</u>
<i>U.S. Department of Agriculture</i>									
Passed through Michigan Department of Education:									
Child Nutrition Cluster									
National School Lunch Program	10.555								
200902 COVID-19		478,845	127,261	-	127,261	478,845	-	-	-
201922 COVID-19		175,114	175,114	-	175,114	175,115	-	-	-
Entitlement Commodities		119,222	-	-	119,222	-	119,222	-	-
Bonus Commodities		202	-	-	202	-	202	-	-
		<u>773,383</u>	<u>302,375</u>	<u>-</u>	<u>421,799</u>	<u>653,960</u>	<u>119,424</u>	<u>-</u>	<u>-</u>
Summer Food Service Program for Children	10.559								
200900 COVID-19		363,455	-	-	363,455	-	363,455	-	-
210904 COVID-19		1,149,941	-	-	1,069,354	-	1,146,934	77,580	-
		<u>1,513,396</u>	<u>-</u>	<u>-</u>	<u>1,432,809</u>	<u>-</u>	<u>1,510,389</u>	<u>77,580</u>	<u>-</u>
Total Child Nutrition Cluster		<u>2,286,779</u>	<u>302,375</u>	<u>-</u>	<u>1,854,608</u>	<u>653,960</u>	<u>1,629,813</u>	<u>77,580</u>	<u>-</u>

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2021

Federal grantor/pass-through grantor/ program or cluster title/identifying number	CFDA/ Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2020	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2021	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Agriculture—Continued</i>									
Passed through Michigan Department of Education— continued:									
Child and Adult Care Food Program	10.558								
201920		\$ 85,675	\$ -	\$ -	\$ 85,675	\$ -	\$ 85,675	\$ -	\$ -
202010		23,454	9,432	-	14,022	9,432	4,590	-	-
211920		979,894	-	-	966,233	-	979,894	13,661	-
212010		53,118	-	-	52,393	-	53,118	725	-
		<u>1,142,141</u>	<u>9,432</u>	<u>-</u>	<u>1,118,323</u>	<u>9,432</u>	<u>1,123,277</u>	<u>14,386</u>	<u>-</u>
Total passed through Michigan Department of Education		3,428,920	311,807	-	2,972,931	663,392	2,753,090	91,966	-
Passed through County of Muskegon:									
Forest Service Schools and Roads Cluster Schools and Roads—Grants to States	10.665	475	-	-	475	-	475	-	-
Total U.S. Department of Agriculture		3,429,395	311,807	-	2,973,406	663,392	2,753,565	91,966	-
<i>U.S. Department of Treasury</i>									
Passed through Copper Country Intermediate School District:									
Coronavirus Relief Fund Device Purchasing Program/Distance Learning CRF Grant COVID-19	21.019	43,120	-	-	43,120	-	43,120	-	-
Passed through Michigan Department of Education:									
Coronavirus Relief Fund	21.019								
11p District COVID Costs COVID-19		25,837	-	-	25,837	-	25,837	-	-
103(2) Coronavirus Relief Funds COVID-19		734,009	-	-	734,009	-	734,009	-	-
		<u>759,846</u>	<u>-</u>	<u>-</u>	<u>759,846</u>	<u>-</u>	<u>759,846</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Treasury		802,966	-	-	802,966	-	802,966	-	-

Whitehall District Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2021

Federal grantor/pass-through grantor/ program or cluster title/identifying number	CFDA/ Assistance Listing Number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2020	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2021	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Health and Human Services</i>									
Passed through Muskegon Area Intermediate School District:									
Head Start Cluster									
Head Start 93.600									
05CH010377-05		\$ 945,165	\$ 168,390	\$ -	\$ 539,530	\$ 574,025	\$ 371,140	\$ -	\$ -
05CH010377-05-02 COVID-19		28,898	4,348	-	28,899	4,348	24,551	-	-
05CH011882		1,023,659	-	-	379,187	-	605,628	226,441	-
		1,997,722	172,738	-	947,616	578,373	1,001,319	226,441	-
Medicaid Cluster									
Medical Assistance Program 93.778									
393		3,383	-	-	3,383	-	3,383	-	-
Total U.S. Department of Health and Human Services									
		2,001,105	172,738	-	950,999	578,373	1,004,702	226,441	-
TOTAL FEDERAL ASSISTANCE		\$ 8,354,668	\$ 660,797	\$ -	\$ 5,847,767	\$ 2,140,457	\$ 5,675,912	\$ 488,942	\$ -

The accompanying notes are an integral part of this schedule.

Whitehall District Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2021. The information in this schedule 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 schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or change in net position of the School District.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Michigan Department of Education Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2021

Governmental Funds financial statements

General Fund	\$ 1,921,503	
Community Education Fund	1,318,864	
Debt Service Fund	373,476	
Other governmental funds (includes Food Service Fund)	2,742,902	\$ 6,356,745

Items not reported on the Schedule of Expenditures of Federal Awards:

Federal subsidy on construction bonds	(373,476)
Coronavirus Relief Fund - Child Care Relief Fund Grant	(307,357)

Expenditures per single audit report

Schedule of Expenditures of Federal Awards	\$ 5,675,912
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Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2021

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
2. Type of auditor’s report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

4. Identification of major programs:

<u>CFDA/Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
10.555 and 10.559	U.S. Department of Agriculture
	• Child Nutrition Cluster
10.558	U.S. Department of Agriculture
	• Child and Adult Care Food Program
21.019	U.S. Department of Treasury
	• Coronavirus Relief Fund

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? X yes _____ no

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Education

Finding 2021-001: Child Nutrition Cluster Resource Management Procedures

Pass-through entity: Michigan Department of Education

CFDA/Assistance Listing Number(s): 10.555, 10.559, and 10.558

Award Numbers: 200900 COVID-19, 210904 COVID-19, Bonus and Entitlement Commodities, 201920, 202010, 211920 and 212010

Award Year Ends: June 30, 2021

Specific Requirement: Resource Management and Special Tests — General Program Management

Criteria: Section 210.14(b) and 210.19(a)(1) of the Cost Principles of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures.

Questioned Costs: None.

Condition: During our testing of the Child Nutrition Cluster net cash resources, we noted that the School District Food Service Fund net cash resources were in excess of maximum allowable amount.

Context: As of June 30, 2021, the School District Food Service Fund net cash resources were in excess of the maximum allowable amount.

Effect: The School District could receive reduced funding in future years if the condition continues.

Cause: The School District served more meals than it had anticipated through the Child Nutrition Cluster Summer Food Service and Child and Adult Care Food Programs as a result of the COVID-19 pandemic. This caused a significant increase in funding, which resulted in excess fund balance. The School District had planned to reduce its Food Service Fund net cash resources below the maximum threshold, but due to timing, was unable to get proper approvals, order and receive purchased goods and/or services by the end of the fiscal year.

Repeat Finding: This is **not** a repeat finding.

Recommendation: The School District should develop and complete a spend-down plan to ensure it reduces its Food Service Fund net cash resources below the maximum allowable amount.

Views of Responsible Officials: The School District agrees with this finding.

Whitehall District Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
For the year ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

U.S. Department of Education

Finding 2021-002: Child Nutrition Cluster Reporting Review Procedures

Pass-through entity: Michigan Department of Education (MDE)

CFDA/Assistance Listing Number(s): 10.559

Award Numbers: 200900 COVID-19 and 210904 COVID-19

Award Year Ends: June 30, 2021

Specific Requirement: Reporting

Criteria: Section 200.303 of the Cost Principles of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a non-Federal entity to establish and maintain effective internal control over the Federal award that provides a 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 the specified guidance that requires proper segregation of duties by dividing key responsibilities among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event. In addition, this guidance also requires transactions and internal controls to be clearly documented, and the records should be properly maintained and readily available for examination.

Questioned Costs: None.

Condition: During our detailed testing of the Child Nutrition Cluster claims reports, we noted that the claims reports were properly performed in accordance with federal requirements and reviewed with documented approval. However, despite this review, the incorrect meal count was reported for one month during the fiscal year.

Context: Of the 12 claims reports filed by the School District, one of the 12 claims reports tested contained a clerical error. The November 2020 claims report inadvertently included the Head Start meal count for the previous month instead of the current month. The review and approval of the November 2020 report was documented, but the report was submitted to MDE requesting payment for more meals than the School District had served for that month. The over requested funds were subsequently deferred, and the requested funds from a following month were reduced accordingly upon the detection and reporting of the error to MDE.

Effect: Failure to properly prepare and review claims reports could allow funds to be over requested and potentially overstate federal revenue resulting in excess monies paid to the School District. In addition, there could be missed opportunities for reimbursement.

Cause: The School District's claims report review process did not include an established procedure for the reviewer to verify the time periods of the underlying reports of meals served.

Repeat Finding: This is a repeat finding.

Recommendation: The School District should modify its claims report review procedures to require the verification of the clerical accuracy of the reports, including the time periods for the underlying reports of meals served.

Views of Responsible Officials: The School District agrees with this finding.

CLIENT DOCUMENTS



Whitehall District Schools

541 E. Slocum Street — Whitehall, MI 49461 — Telephone: 231-893-1010 — Facsimile: 231-894-6450

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Business Administration

October 15, 2021

Jerry McDowell

Superintendent
231-893-1005

Michelle Pulver
Administrative Asst.
231-893-1005

Michigan Department of Education
Lansing, Michigan

Steve Aardema

Finance Director
231-893-1010

Taylor Milz
Accounting Specialist
231-893-1004

Dorianne Kittridge
Payroll & Benefits Specialist
231-893-1008

Whitehall District Schools respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2020 dated October 15, 2020.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2020-001: Bank Reconciliation Procedures

Condition: During the audit, it was noted that the General Fund bank account was not being reconciled on a timely basis, and reconciling items were left unresolved until year end.

Recommendation: Bank reconciliations should be timely prepared and reconciliation discrepancies should be followed up on in a timely matter.

Current Status: This recommendation was implemented during the year ended June 30, 2021. No similar finding was reported during the single audit for the year ended June 30, 2021.

Board of Education

Doug Ogden
President

Rachel Mitteer
Vice President

Jim TenBrink
Treasurer

Christopher Mahoney
Secretary

Paula Martin
Trustee

Shannon McGoran
Trustee

Greg Means
Trustee

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Education
Finding 2020-002: Child Nutrition Cluster Reporting and Verification Review Procedures
CFDA: 10.555
Award Numbers: 191960, 200902 COVID-19, 201922 and 201960
Award Year End: September 30, 2020

Condition: During our detailed testing of the Child Nutrition Cluster claims reports and verification calculations, we noted that while the claims reports and verification calculations were properly performed in accordance with federal requirements, the claims reports and verification calculations performed by the School District were not reviewed with documented approval by another qualified individual.

Recommendation: The School district should implement procedures to require the documented review and approval of all claims reports and verifications performed.

Current Status: Verification is no longer applicable in FY21 as the District is participating in the Community Eligibility Provision program in which all students automatically receive free meals regardless of income. Reports were reviewed in FY21, but the review process did not detect a clerical error prior to submission.

Sincerely,



Jerry McDowell
Superintendent



Whitehall District Schools

541 E. Slocum Street — Whitehall, MI 49461 — Telephone: 231-893-1010 — Facsimile: 231-894-6450

CORRECTIVE ACTION PLAN

Business Administration

October 15, 2021

Jerry McDowell

Superintendent
231-893-1005

Michelle Pulver
Administrative Asst.
231-893-1005

Michigan Department of Education
Lansing, Michigan

Whitehall District Schools respectfully submits the following Corrective Action Plan for the year ended June 30, 2021.

Steve Aardema

Finance Director
231-893-1010

Taylor Milz
Accounting Specialist
231-893-1004

Dorianne Kittridge
Payroll & Benefits Specialist
231-893-1008

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, MI 49443

Audit period: June 30, 2021

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2021 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Board of Education

Doug Ogden
President

Rachel Mitteer
Vice President

Jim TenBrink
Treasurer

Christopher Mahoney
Secretary

Paula Martin
Trustee

Shannon McGoran
Trustee

Greg Means
Trustee

SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001:

Recommendation: The School District should develop and complete a spend-down plan to ensure it reduces its Food Service Fund net cash resources below the maximum allowable amount.

Action Taken: The District participated in the Child and Adult Care Food Program during the 2020-21 fiscal year and provided meals to families throughout the coronavirus pandemic. Revenues from this program were based on servings as opposed to costs. Revenues significantly exceeded costs. The Business Office and Food Service Office are working on plans to reduce the fund balance by:

1. Purchase of food preparation equipment such as ovens and pizza equipment with proposals ranging from \$48,000 to \$70,000.
2. Purchase of freezers at a proposed cost of \$73,000.
3. Purchase of dishwashers to eliminate disposable trays at three sites with proposals in the range of \$140,000.
4. The Food Service staff has been tasked with improving food quality for students with higher quality ingredients.
5. Expanding the duties of food service staff to include the set-up, take-down, and cleaning of food service and food preparation areas.

The equipment purchases will require full bidding in accordance with School District policies and procedures and State of Michigan approval, and the District has begun the process of securing plans.

Responsible Person and Anticipated Completion Date: The Director of Finance and Food Service Supervisor will be responsible for reducing the fund balance in a responsible way. Due to the scope of the issue and potential solutions, implementation will occur over the next two years or sooner, if possible.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

Finding 2021-002:

Recommendation: The School District should modify its claims report review procedures to require the verification of the clerical accuracy of the reports, including the time periods for the underlying reports of meals served.

Action Taken: Last year’s finding to have a verification of claims was implemented. However, it did not catch an error in the timeframe of meals mismatching the claim period. The District is transitioning the leadership of the Food Service Department and has hired a new accountant in the Business Office. Verification will be done by the Business Office who should have access to the meal claiming source data to accurately submit claims. The mistake in 2020-21 was reported to the Michigan Department of Education as an amended claim reducing the August 2021 reimbursement.

Responsible Person and Anticipated Completion Date: The Director of Finance and Food Service Supervisor will be responsible for implementation beginning with the 2021-22 food service year.

If the Michigan Department of Education has questions regarding this plan, please call Jerry McDowell at (231) 893-1005.

Sincerely,



Jerry McDowell
Superintendent