

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

MADISON CONSOLIDATED SCHOOLS

JEFFERSON COUNTY, INDIANA

July 1, 2022 to June 30, 2024



FILED

03/03/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-22 to 06-30-25
Superintendent of Schools	Daniel Noel (interim) Teresa Brown	07-01-22 to 07-13-22 07-14-22 to 06-30-25
President of the School Board	Jodi Yancey David Storie John Wallace	07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 06-30-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

This report is supplemental to the audit report of the Madison Consolidated Schools (School Corporation), for the period from July 1, 2022 to June 30, 2024. 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 the 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 18, 2025

MADISON CONSOLIDATED SCHOOLS
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Similar comments also appeared in prior Report B60888, entitled *FINANCIAL TRANSACTIONS AND REPORTING* and *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation had not established effective internal control over the information entered into the AFR. The Treasurer compiled the information for the AFR, and the Deputy Treasurer reviewed and approved the information. The internal control was not effective and did not prevent, or detect and correct, errors prior to submission, which resulted in the following errors:

Financial Data

The financial transactions of the Payroll fund were reported incorrectly in the AFR. Receipts and disbursements were each understated by \$11,575,667 for fiscal year 2022-2023 and each understated by \$12,691,674 for 2023-2024.

The submitted information is used to generate the financial statement and the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement, the corresponding combining schedules, and the AFR.

Federal Grant Information

The grant information reported in the AFR included the following errors:

- The Child Nutrition Cluster expenditures were overstated by \$274,216 and \$74,937 for 2022-2023 and 2023-2024, respectively.
- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$171,400.

The submitted information is used to generate the Schedule of Expenditures of Federal Awards (SEFA) included in the Federal Compliance Audit Report of the School Corporation. Therefore, these errors were also presented in the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA and to the grant schedule within the AFR.

MADISON CONSOLIDATED SCHOOLS
AUDIT RESULT AND COMMENT
(Continued)

Leases and Debt

The annual lease payments reported in the AFR for June 30, 2024, were understated by \$476,500.

The submitted information is used to generate the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation. Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt and to the AFR.

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 as set forth in the uniform compliance guidelines. 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](#)."

MADISON CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 18, 2025, with Danica Houze, Treasurer; Teresa Brown, Superintendent of Schools; David Storie, School Board member; Amanda Conover, Deputy Treasurer; and Shannon Allman, HR Director.