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

Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL COMPLIANCE REPORT

OF

EAST WASHINGTON SCHOOL CORPORATION

WASHINGTON COUNTY, INDIANA

July 1, 2022 to June 30, 2024

FILED
03/04/2025

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Kendra Floyd	07-01-22 to 07-25-22
	Joanna Trueblood	07-26-22 to 06-30-25
Superintendent of Schools	Dennis Stockdale	07-01-22 to 07-11-22
	Gregory Hopkins (interim)	07-12-22 to 08-02-22
	Dennis Stockdale	08-03-22 to 01-01-23
	Rebecca Jones	01-02-23 to 06-30-25
President of the School Board	Theresa Gottbrath	07-01-22 to 12-31-22
	Jeff Clem	01-01-23 to 12-31-23
	Holly Drury	01-01-24 to 12-31-24
	Christina D. McGinnis	01-01-25 to 06-30-25

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Paul D. Joyce, CPA
State Examiner

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

This report is supplemental to the audit report of the East Washington School Corporation (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 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

Beth Kelley, CPA, CFE
Deputy State Examiner

February 19, 2025

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the School Corporation complied with laws, regulations, and uniform compliance guidelines. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- Overdrawn Cash Balances
- Annual Financial Reports
- Monthly and Annual Uploads

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. . . ."

OVERDRAWN CASH BALANCES

The same comment appeared in a Management Letter addressed to the Officials of the School Corporation for the audit period ending June 30, 2020, and in prior Report B60990 for the audit period ending June 30, 2022.

Condition and Context

The School Corporation was not reviewing funds that developed overdrawn cash balance to determine the reason for the overdrawn balance and make any necessary corrections. There was no evidence that any type of analysis or reconciliations were performed on any of the clearing account funds to determine the cause of the deficit balances of these funds.

The financial statement presented for audit had the following funds with overdrawn cash balances as of June 30, 2023 and 2024.

Fund	Amount Overdrawn at June 30, 2023	Amount Overdrawn at June 30, 2024
Self-Insurance	$ 227,558	$ -
CI - Fed Tax	682	549
CI - FICA T	970	924
CI - TRF/Teacher' Retirement	-	18,212
CI - PERF	-	5,961
CI - Med Board Members	172	172
CI - VALIC	2,000	2,000
CI - American Fidelity	8,382	-
CI - Garnishment	496	496
CI - Medical Employee Portion	100,868	156,943
Cafeteria - Wages	98,081	125,147
Cafeteria - PERF Match	12,459	16,025
Cafeteria - Life/Ltd&Summer	1,585	1,590
Cafeteria - Soc Sec Match	6,285	7,878
Cafeteria - Medicare Match	1,403	1,776
Cafeteria - HSA	1,875	1,875
Cafeteria - Med Employee/Emplr	48,449	48,609
CI - Lunch Program	5,686	5,686
Fringe Benefit	3,914	4,112

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 REPORTS

The same comment also appeared in prior Report B60990.

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. During the review of the financial and supplemental information entered into Gateway, the following errors were identified:

Grant Schedule

The grant schedule presented for audit included the following errors:

- A federal rebate program was incorrectly reported on the grant schedule for fiscal year 2023-2024, which overstated expenditures by $391,800.

- Several other grants had individually immaterial errors that resulted in misstatements of expenditures of $288,660, in total for 2022-2023, and $221,650, in total for 2023-2024.

- Other errors include incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the School Corporation and to the grant information in the AFRs.

Leases and Debt

A capital lease for a 2017 solar electrical generating project, with annual payments totaling $160,000 for 2022-2023 and $324,000 for 2023-2024, was omitted from the information entered into Gateway. Also, the amounts submitted for 2023-2024 principal payments due within one year for two bond issues and the annual lease payment for one lease were incorrectly reported by immaterial amounts.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation and to the leases and debt information in the AFRs.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner 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."

MONTHLY AND ANNUAL UPLOADS

The same comment appeared in a Management Letter addressed to the Officials of the School Corporation for the audit period ending June 30, 2022.

Condition and Context

The School Corporation is required to follow the provisions of the State Examiner Directive 2018-1, which requires monthly and annual uploads of files and other government unit information on the Indiana Gateway for Government Units (Gateway) financial reporting system.

The School Corporation did not fully comply with the State Examiner Directive. None of the monthly uploads included copies of the bank statements and cancelled check images with the monthly bank reconciliations that had been uploaded. The annual uploads did not include the following reports and documents (if applicable):

- Annual Funds Ledger (2023-2024)
- Annual Vendor History Report (2023-2024)
- Annual Payroll History Report (2023-2024)
- Approved Salary Schedule for Noncertified Employees and Amendments (2022-2023 and 2023-2024)

- Personnel Policy (2023-2024)
- School Lunch Prepaid Account Balance Report (2022-2023 and 2023-2024)
- Accounts Payable/Receivable Schedule Support (2023-2024)

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021 and Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024 and the 2023 annual uploads due March 1, 2024)

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

EAST WASHINGTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2025, with Joanna Trueblood, Treasurer; Rebecca Jones, Superintendent of Schools; Christina D. McGinnis, President of the School Board; and Greg Hopkins, Assistant Superintendent of Schools.