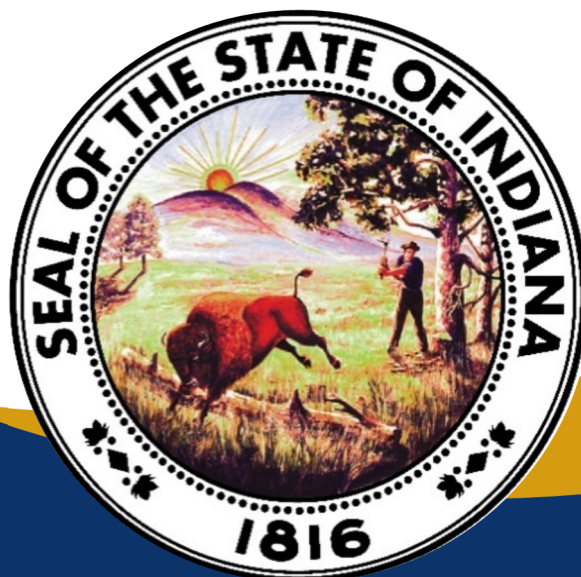


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
WHITLEY COUNTY CONSOLIDATED SCHOOLS
WHITLEY COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/31/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Todd Fleetwood	07-01-22 to 06-30-25
Superintendent of Schools	Dr. Laura McDermott	07-01-22 to 06-30-25
President of the School Board	David Smith	07-01-22 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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TO: THE OFFICIALS OF THE WHITLEY COUNTY CONSOLIDATED
SCHOOLS, WHITLEY COUNTY, INDIANA

This report is supplemental to the audit report of the Whitley County 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 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

March 25, 2025

WHITLEY COUNTY CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure compliance with laws, regulations, and uniform compliance guidelines established by the Indiana State Board of Accounts. The School Corporation was not in compliance with laws, regulations, and uniform compliance guidelines as detailed further in the following comment:

- Annual Financial 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. . . ."

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B61083.

Condition and Context

The School Corporation is required to file financial reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation filed its reports as prescribed; however, the internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Annual Financial Report (AFR) and financial statement, were not effective.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

The School Corporation failed to properly review the financial information prepared and submitted in Gateway. Although one employee prepared and entered the financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

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

Financial Data

- A fund entitled Bank Transfers was incorrectly included on the AFR. This fund was used by the School Corporation on their ledger to solely record transfers between banks. This should not have been included on the AFR and the financial statement. This caused disbursements and other financing sources to each be overstated by \$4,500,000 for the year ended June 30, 2023, and receipts and disbursements to each be overstated by \$6,692,446 for the year ended June 30, 2024.
- Other Financing Sources in the Investment Fund and Other Financing Uses in the Local Rainy Day fund were each overstated by \$1,800,000 for the year ended June 30, 2024.
- Receipts in the Operating Fund and Local Rainy Day fund were understated by \$226,897 and \$31,238, respectively, for the year ended June 30, 2024. Receipts in the Investment Fund were overstated by \$399,570 for the year ended June 30, 2024.
- Disbursements in the Local Rainy Day fund were overstated by \$151,645 for the year ended June 30, 2024.

Adjustments were proposed, accepted by the School Corporation, and made to the Financial Statement and the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis as Other Information in the Financial Statement Audit Report of the School Corporation.

Investment Fund Statement

The School Corporation did not complete the Investment Fund Statement in the AFR. Investments were held by the School Corporation on June 30, 2023 and 2024; however, the amounts were not reported on the Investment Fund Statement of the AFR.

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](#)."

WHITLEY COUNTY CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2025, with Todd Fleetwood, Treasurer; Dr. Laura McDermott, Superintendent of Schools; Mary Ann Schaefer, Vice President of the School Board; and Jodi Royer, Assistant Business Manager.