

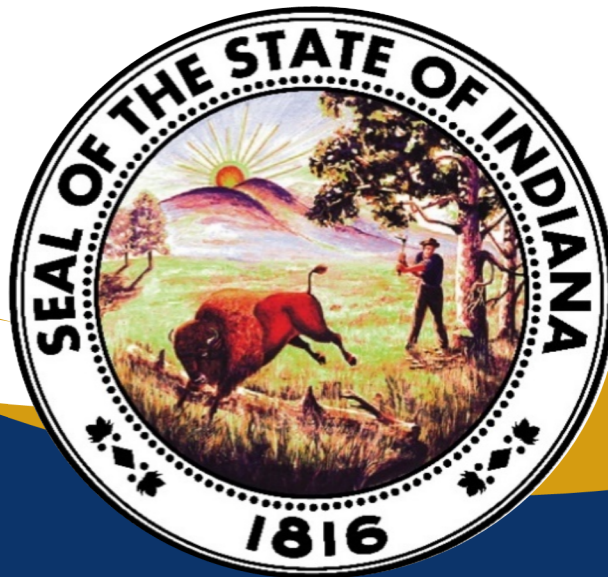
**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF LAWRENCE TOWNSHIP
EXTRACURRICULAR ACCOUNTS
MARION COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
01/16/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3
Comment: Lawrence Central High School and Fall Creek Middle School.....	4-5
Official Response	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer and Chief Financial Officer	Michael Shreves Matt Miles	07-01-21 to 09-30-22 10-01-22 to 06-30-25
Superintendent of Schools	Dr. Shawn Smith	07-01-21 to 06-30-25
President of the School Board	Wendy Muston	07-01-21 to 06-30-25



Paul D. Joyce, CPA
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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF LAWRENCE
TOWNSHIP, EXTRACURRICULAR ACCOUNTS, MARION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Metropolitan School District of Lawrence Township, Extracurricular Accounts (School ECAs), for the period of July 1, 2021 to June 30, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the School ECAs as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds and what reports are required to be prepared and filed.

We fulfilled our responsibility as detailed in the first paragraph, by applying procedures over cash, receipts, and disbursements. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the School ECAs' reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Matt Miles, School Corporation Treasurer and Chief Financial Officer; Dr. Shawn Smith, Superintendent of Schools; and Wendy Muston, President of the School Board, on December 17, 2024.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 25, 2024

LAWRENCE CENTRAL HIGH AND FALL CREEK MIDDLE
EXTRACURRICULAR ACCOUNTS
COMMENT

TICKET SALES - PRESCRIBED FORM SA-4

Condition and Context

The Lawrence Central High School and the Fall Creek Middle School Extracurricular Accounts (ECA) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to ticket sales.

There were 10 games for Lawrence Central High School and 5 games for Fall Creek Middle School that were selected for testing during the engagement. For all 15 games selected for testing, the prescribed SA-4 Ticket Sales form was requested for examination. Neither ECA used the prescribed SA-4 Ticket Sales form or exact replica or provided any supporting documentation related to the ticket sales. For all 15 games selected for testing, documentation of the serially prenumbered ticket series was not provided, so a recalculation of collections for tickets sold could not be performed. Therefore, the collections could not be verified.

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. . . .

LAWRENCE CENTRAL HIGH AND FALL CREEK MIDDLE
EXTRACURRICULAR ACCOUNTS
COMMENT
(Continued)

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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 1)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold, and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extracurricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in the series number.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)



METROPOLITAN SCHOOL DISTRICT
LAWRENCE TOWNSHIP

Dr. Shawn A. Smith
Superintendent

Lawrence Education & Community Center
6501 Sunnyside Road
Indianapolis, IN 46236
(317) 423-8200

OFFICIAL RESPONSE

December 18, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Lawrence Central High and Fall Creek Valley Middle School Results and Comments – Ticket Sales – Prescribed Form SA-4

MSDLT acknowledges that LCHS and FCVMS were not compliant in usage of form SA-4 during the period audited. As the audit period ended on June 30, 2023, we believe these concerns have already been addressed and corrected. With that said, the district will address the issue highlighted by the audit at these two schools and will provide additional training at all schools.

Additionally, the district will note that the last ECA audit conducted by the SBOA has been many years ago. In the past two years, the district has, at its own cost and labor, hired an outside accounting firm to complete a full ECA audit for all schools across the district. The private audit which was released in March 2024 included a similar concern with form SA-4 tracking. The district took steps at that time to investigate, address and provide training.

Matt Miles
CFO, MSD of Lawrence Township