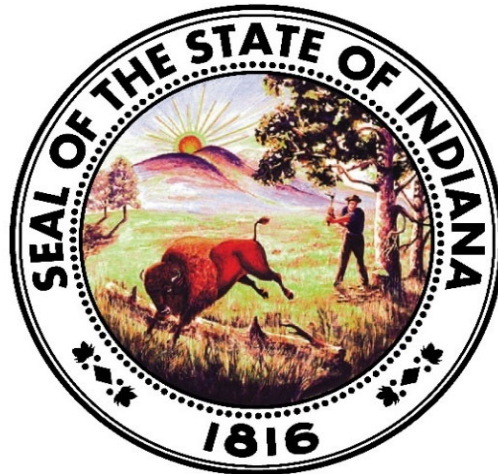


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
WASHINGTON COMMUNITY SCHOOLS, INC.
DAVISS COUNTY, INDIANA
July 1, 2021 to June 30, 2023



FILED
03/12/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carrie Alford	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Daniel Roach Kevin Frank	07-01-21 to 06-30-22 07-01-22 to 06-30-24
President of the School Board	Randy Bouchie Scott Arthur	01-01-21 to 12-31-22 01-01-23 to 06-30-24



STATE OF INDIANA
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TO: THE OFFICIALS OF THE WASHINGTON COMMUNITY
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

This report is supplemental to the audit report of the Washington Community Schools, Inc. (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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 29, 2024

WASHINGTON COMMUNITY SCHOOLS, INC.
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial 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. The School Corporation had not established effective internal controls over the AFR information entered into Gateway. Although the Business manager compiled, reviewed, and entered the School Corporation's information in Gateway, and the Superintendent of Schools or Assistant Superintendent of Schools reviewed and certified the information entered was accurate, the internal control was not effective and did not detect and allow corrections of the following errors prior to submission:

Grant Schedule

- The Child Nutrition Cluster expenditures were overstated by \$222,796.
- The Special Education Cluster (IDEA) expenditures were overstated by \$252,396.
- Nine federal grants had individually immaterial errors, which resulted in a net understatement of expenditures by \$120,029.
- Other errors included incorrect program names and identifying numbers.

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

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](#)."

WASHINGTON COMMUNITY SCHOOLS, INC.
AUDIT RESULT AND COMMENT
(Continued)

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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. . . ."

WASHINGTON COMMUNITY SCHOOLS, INC.
EXIT CONFERENCE

The contents of this report were discussed on February 29, 2024, with Carrie Alford, Treasurer; Kevin Frank, Superintendent of Schools; Timothy Hendrick, School Board member; Jason Omer, School Board member; and Steve Peterson, Assistant Superintendent of Schools.