

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

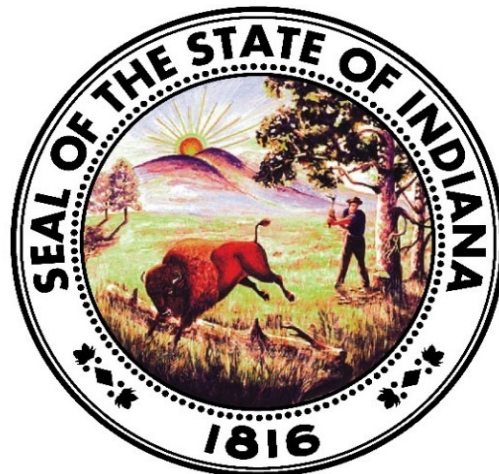
SUPPLEMENTAL COMPLIANCE REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP

MARION COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/22/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Result and Comment: Annual Financial Report	4-5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecka Smith	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Nikki C. Woodson	07-01-21 to 06-30-24
President of the School Board	William Turner Donald B. Kite, Sr. Tracy Horth Krueger Deirdre George Davis	07-01-21 to 07-20-21 07-21-21 to 07-19-22 07-20-22 to 07-18-23 07-19-23 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to the audit report of the Metropolitan School District of Washington Township (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

March 14, 2024

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The School Corporation had not established an effective system of internal controls over the AFR information entered into Gateway.

Grant Schedule

Due to the lack of internal controls, the grant information entered into Gateway, which was the source for the School Corporation's Schedule of Expenditures of Federal Awards (SEFA), included the following errors:

- The Child Nutrition Cluster expenditures were understated by \$3,639,091 and \$1,555,530 for fiscal years 2021-2022 and 2022-2023, respectively.
- In 2021-2022, four grants were reported with individually immaterial errors in expenditures, which totaled \$364,025.
- In 2022-2023, three grants were reported with individually immaterial errors in expenditures, which totaled \$208,685.
- Various pass-through entity names, program names, award names, Assistance Listings Numbers, and pass-through entity (or other) identifying numbers were omitted or incorrect.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report for the School Corporation.

Other Information - Other Financing Sources

During 2021-2022, the School Corporation sold capital assets to the MSD of Washington Township School Building Corporation and received \$60,562,000 in proceeds from the sale. The receipts were improperly classified when posted in the School Corporation's ledger. As a result, the receipts were not entered correctly into the AFR in Gateway, and, therefore, were reported incorrectly in the School Corporation's 2021-2022 Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis as Proceeds of Long-Term Debt instead of as Sale of Capital Assets.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULT AND COMMENT
(Continued)

Adjustments were proposed, accepted by the School Corporation, and made to the 2021-2022 Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement 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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

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. . . ."

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)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2024, with Phyllis Ritenour, Accounting Manager; Rebecka Smith, Treasurer; Dr. Nikki C. Woodson, Superintendent of Schools; and Deirdre George Davis, President of the School Board.