

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

COMPLIANCE EXAMINATION REPORT

OF

MSD WARREN TOWNSHIP SCHOOL CORPORATION

MARION COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/28/2024



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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March 28, 2024

To: The Officials of M.S.D. Warren Township School Corporation
M.S.D. Warren Township School Corporation
Marion County, Indiana

This report is supplemental to the audit report of M.S.D. Warren Township School Corporation (School Corporation), for the period July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for M.S.D. Warren Township School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA
Deputy State Examiner

M.S.D. WARREN TOWNSHIP SCHOOL CORPORATION

Marion County, Indiana
July 1, 2021 to June 30, 2023

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M.S.D. WARREN TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2021 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Matt Parkinson	07-01-21 to 06-30-23
Superintendent of Schools	Dr. Timothy Hanson	07-01-21 to 06-30-23
President of the School Board	Rachel Burke	07-01-21 to 12-31-21
	Gloria Williams	01-01-22 to 12-31-22
	Howard Dorsey	01-01-23 to 06-30-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the M.S.D. Warren Township School Corporation

We have examined the M.S.D. Warren Township School Corporation ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2021 to June 30, 2023. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2021 to June 30, 2023, as described in items 2023-001 through 2023-005 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period July 1, 2021 to June 30, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 26, 2024

M.S.D. WARREN TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to June 30, 2023

FINDING 2023-001: OVERDRAWN CASH BALANCES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, "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."

Condition: During testing of cash fund balances, we noted the following funds that were not cost-reimbursement based with a cash balance below zero as of June 30, 2022 or June 30, 2023:

<u>Fund</u>	<u>Amount Overdrawn June 30, 2022</u>	<u>Amount Overdrawn June 30, 2023</u>
Textbook Rental Fund	\$ 1,225,527	\$ 1,125,713
Prepaid Payroll Clearing	2,320,047	-

This is a repeat finding from report B60642.

FINDING 2023-002: INTERNAL CONTROLS - DISBURSEMENTS

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 Public School Corporations*. 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. . . ."

Condition: During testing of disbursements, we noted 10 instances in a sample of 49 disbursements, where there was no formal, secondary review of the disbursement. The lack of review was isolated to bond/lease and credit card vouchers.

FINDING 2023-003: SALES TAX PAID ON PURCHASES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, "Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee."

Condition: During testing of disbursements, we noted 1 instance, in a sample of 49, in which sales tax was paid by the unit. The total amount of sales tax identified as paid was \$88.

(Continued)

M.S.D. WARREN TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 to June 30, 2023

FINDING 2023-004: INTERNAL CONTROLS – TRAINING

Criteria: Indiana Code 5-11-1-27(h) states in part, “*After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that: . . . (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).*”

Condition: During testing, we noted that the Unit had not met the minimum standards for training set in Indiana Code 5-11-1-27(h).

FINDING 2023-005: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: Officials shall maintain records (enrollment cards, records, rosters, reporting forms, etc.) which substantiate the number of students claim for ADM. The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed (Accounting and Uniform Compliance Guidelines Manual for Indiana Public Schools, Part 9).

Condition: During our testing, 6 virtual students in our sample of 60 virtual students selected for testing, were not regularly attending class during the ADM count date sampled for FY22 and FY23. The students had no attendance in the two weeks prior to each ADM count date sampled.

The noncompliance was isolated to the virtual students sampled; no issues were noted in the sample of 28 brick and mortar students sampled.

Due to the count date issues reported above, school officials need to contact the Indiana Department of Education, Division of School Finance, to review the issues identified and determine if any steps to need to be taken to correct any attendance reporting or funding issues.

M.S.D. WARREN TOWNSHIP SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2021 to June 30, 2023

The contents of this report were discussed on March 25, 2024, with Matthew Parkinson, Chief Financial Officer, Dr. Timothy Hanson, Superintendent, and LaShauna Triplett, School Board President.