

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HANCOCK MADISON SHELBY EDUCATIONAL SERVICES

HANCOCK COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**

10/07/2016



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Examination Results and Comments:	
Penalties and Interest.....	4
Payroll Disbursements.....	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kaitlyn Veach	07-01-13 to 06-30-17
Executive Director	Karen Niemeier Dr. Michael Bennett	07-01-13 to 04-08-16 04-09-16 to 06-30-17
President of the School Board	Randy Harris Dr. Lisa Lantrip Chris Hoke	07-01-13 to 06-30-15 07-01-15 to 06-30-16 07-01-16 to 06-30-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE HANCOCK MADISON SHELBY  
EDUCATIONAL SERVICES, HANCOCK COUNTY, INDIANA

This report is supplemental to our examination report of the Hancock Madison Shelby Educational Services (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Examination Report of the School Corporation, which provides our opinion on the School Corporation's financial statement. This report may be found at [www.in.gov/sboa/](http://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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 17, 2016

HANCOCK MADISON SHELBY EDUCATIONAL SERVICES  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES AND INTEREST***

The School Corporation paid penalties and interest to the Indiana Department of Revenue (IDOR) and the Internal Revenue Service (IRS) in the amounts of \$4,100.00 and \$40,783.77, respectively because the School Corporation did not file W-2s and WH-3s timely for the year 2012. The error was discovered by the School Corporation and corrected on August 28, 2013. The School Corporation filed a Claim for Refund and Request for Abatement with the IRS. The IRS has requested additional time to consider the request.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***PAYROLL DISBURSEMENTS***

We noted the following issues in our review of payroll disbursements:

1. Compensation for three employees was not included in a contract, salary ordinance, or salary schedule approved by the governing board. The governing board subsequently approved the compensation for the three employees on July 20, 2016.
2. Attendance/time records for ten employees tested were not approved by the appropriate official or department head and the fiscal officer. The Payroll Schedule and Voucher (Form 99) was not used by the School Corporation. The form in use for approval of payroll did not include the number of days, hours worked, or the leave time taken by employees for approval by the appropriate officials.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HANCOCK MADISON SHELBY EDUCATIONAL SERVICES  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2016, with Kaitlyn Veach, Treasurer; Dr. Michael Bennett, Executive Director; and Chris Hoke, President of the School Board.