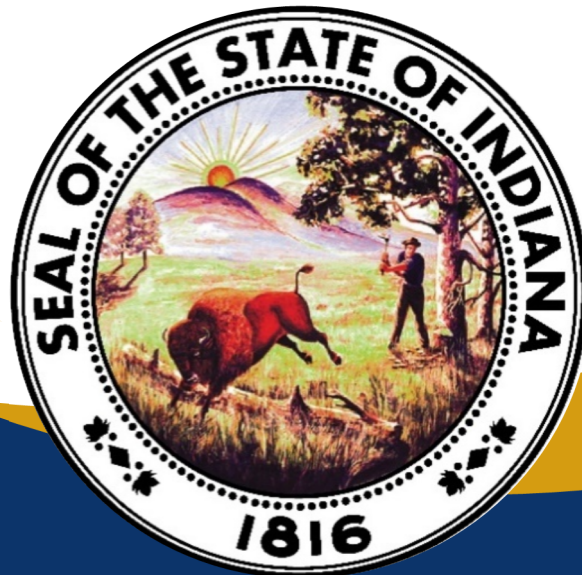


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

SOUTHWESTERN JEFFERSON COUNTY
CONSOLIDATED SCHOOL CORPORATION
JEFFERSON COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/11/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Annual Financial Report	4-5
Training on Internal Control Standards	5-6
Certification on Internal Control Standards	6
Average Daily Membership	7-8
Exit Conference.....	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura M. Boldery	07-01-22 to 06-30-25
Superintendent of Schools	Jeffrey L. Bates	07-01-22 to 06-30-25
President of the School Board	Richard P. Stockdale	07-01-22 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

This report is supplemental to the audit report of the Southwestern Jefferson County Consolidated School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. 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 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2025

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B60807, entitled *ANNUAL FINANCIAL REPORT*.

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. One employee entered the information into the AFR, and a second individual reviewed the information for accuracy and completeness. The internal control was not effective and did not prevent, or detect and correct, errors prior to submission, which resulted in the following errors:

Leases and Debt

The principal due within one year totals reported in the AFR for June 30, 2024, were overstated by \$595,721.

The submitted information is used to generate the Schedule of Leases and Debt presented as Other information in the Financial Statement Audit Report of the School Corporation.

Adjustments were proposed, accepted by the School Corporation, and made to this schedule and the leases and debt information within the AFRs.

Payables and Receivables

The School Corporation incorrectly reported fiscal year 2023-2024's receipts and disbursements of \$19,684,612 and \$19,048,496 as receivables and payables in the AFR.

The School Corporation chose not to report the Schedule of Payable and Receivables in the Financial Statement Audit Report.

Grant Schedule

The grant information reported in the AFRs included the following errors:

- The COVID-19 - Education Stabilization Fund expenditures were overstated by \$230,443.
- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$409,278.
- Other errors included incorrect program names, identifying numbers, pass-through entities, and federal grantor agencies.

The submitted information is used to generate the Schedule of Expenditures of Federal Awards (SEFA) included in the Federal Compliance Audit Report. Therefore, these errors were also presented in the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA and to the grant schedule within the AFR.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

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. . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure compliance with Indiana Code 5-11-1-27(g). There was no documentation presented for the audit that 5 of the 16 new employees selected for testing had received the required internal control training.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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:

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

"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.

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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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure that the School Corporation submitted accurate information on the Annual Financial Report (AFR). The Treasurer certified on the AFR, submitted through the Indiana Gateway for Government Units financial reporting system, that the minimum internal control standards had been adopted, and that personnel were provided training. However, not all required personnel had received training during the audit period.

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](#)."

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP

A similar comment appeared in prior Report B60807, entitled *AVERAGE DAILY MEMBERSHIP*.

Condition and Context

There were deficiencies noted in the internal controls over reporting of the Average Daily Membership (ADM). Documentation was not provided for one building level official (Principal, Assistant Principal, etc.) that the ADM had been certified in the form of a written certification to the School Corporation Central Office for the fall 2023 count date.

The School Corporation has a policy for Proof of Residency. This policy states that proof of Indiana residency for each student must be maintained in the student's electronic or hard copy file. The School Corporation was unable to provide proof of residency for 38 of the 62 brick and mortar students, and 8 of the 11 virtual students, that were selected for testing.

Attendance records or evidence of engagement were not available for 2 of the 11 virtual students selected for testing.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed 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 a 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 School Corporations, Chapter 9)

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:

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2025, with Laura M. Boldery, Treasurer; Jeffrey L. Bates, Superintendent of Schools; Jason Watson, Assistant Superintendent of Schools; Richard P. Stockdale, President of the School Board; Katie King, Director of Child Nutrition; Tonia Joseph, Data Integration Specialist; and Jennifer Scott, Assistant Treasurer.