

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

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

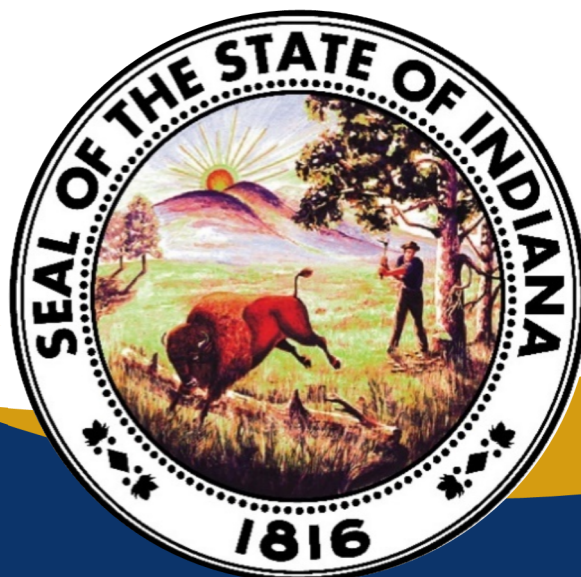
SUPPLEMENTAL COMPLIANCE REPORT

OF

LAKE STATION COMMUNITY SCHOOLS

LAKE COUNTY, INDIANA

July 1, 2022 to June 30, 2024



**FILED**

03/18/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tammy Whisenant	07-01-22 to 06-30-25
Superintendent of Schools	Dr. Thomas Cripiver	07-01-22 to 06-30-25
President of the School Board	Greg Tenorio David Wright	07-01-22 to 01-13-25 01-14-25 to 06-30-25



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE LAKE STATION COMMUNITY SCHOOLS, LAKE COUNTY, INDIANA

This report is supplemental to the audit report of the Lake Station Community Schools (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/](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 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

March 6, 2025

LAKE STATION COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

The same comment also appeared in prior Reports B52400, B56945, and B60966.

*Condition and Context*

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the bank account reconciliations.

The reconciled bank balance was greater than the record balance (cash fund ledger) by \$17,938 and \$15,527 as of June 30, 2023 and 2024, respectively. The reconciliation reports provided for audit indicated the bank and record balances reconciled. The School Corporation had not compared the reconciled bank balances to the cash fund reports from the financial system; thus, the School Corporation was not aware that differences existed between the reconciled bank balances and the cash fund balances.

*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 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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

LAKE STATION COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT**

The same comment appeared in the immediate prior Report B60966.

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

*Payables and Receivables*

At June 30, 2023, and June 30, 2024, the School Corporation had amounts that were owed to vendors and not yet paid, and collections from customers not yet received. These amounts were to be reported in the AFR as accounts payable and accounts receivable, respectively. The School Corporation did not maintain a detailed listing of accounts payable and accounts receivable and did not report any accounts payable or accounts receivable in the AFR. The financial reporting framework utilized by the School Corporation includes the option to present a Schedule of Payables and Receivables as Other Information in the Financial Statement Audit Report of the School Corporation. The School Corporation has elected not to present this Schedule.

*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 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:

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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](#)."

LAKE STATION COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MONTHLY AND ANNUAL UPLOADS**

The same comment appeared in the prior Report B60966.

*Condition and Context*

The School Corporation did not have internal controls to ensure timely compliance with upload requirements.

Amended State Examiner Directive 2018-1 requires monthly and annual documents of governmental unit information to be uploaded to the Indiana Gateway for Government Units application. The monthly documents must be uploaded by the 15<sup>th</sup> of the second month following the month they are for, and annual documents must be uploaded by August 29.

The files and governmental unit information that were required to be uploaded monthly include the bank reconcilements, bank statements, outstanding check lists, approved School Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end investments, detail of receipt activity, detail of disbursement activity, approved salary schedule for noncertified employees and amendments, annual vendor history report, annual funds ledger, annual payroll history report, and school lunch prepaid account balance report.

The School Corporation did not properly upload monthly and annual documents as follows:

*Monthly Uploads*

- The School Corporation did not properly upload the funds ledger. The School Corporation uploaded bank ledgers that included the bank name, beginning balance, total receipts, total disbursements, and ending balance, but the information was not detailed out by fund.
- The School Corporation did not properly upload all the School Corporation's bank reconcilements during the audit period. The School Corporation did not upload any of the food service bank reconcilements for fiscal year 2022-2023.

*Annual Uploads*

- The School Corporation did not upload any of the required annual files by the due date for each school year in the audit period.

*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 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:

LAKE STATION COMMUNITY SCHOOLS  
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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Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021, and Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024 and the 2023 annual uploads due March 1, 2024)

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)

LAKE STATION COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2025, with Tammy Whisenant, Treasurer; Dr. Thomas Cripliver, Superintendent of Schools; Christine Pepa, Assistant Superintendent of Schools; and Greg Tenorio, School Board member.