

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT

DEKALB COUNTY, INDIANA

July 1, 2022 to June 30, 2024



**FILED**

03/25/2025



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls .....	4
School Food Systems - Prepaid Food.....	4-5
Average Daily Membership (ADM) - Verification of Residency Policy .....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Maria Conwell Mandy Dale	07-01-22 to 10-20-24 10-21-24 to 06-30-25
Superintendent of Schools	Dr. Shane Conwell Ryan Abbott	07-01-22 to 07-19-24 07-20-24 to 06-30-25
President of the School Board	Leon Steury	07-01-22 to 06-30-25



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN COMMUNITY  
SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

This report is supplemental to the audit report of the DeKalb County Eastern Community School District (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 12, 2025

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure that the School Corporation complied with laws, regulations, and uniform compliance guidelines. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- School Food Systems - Prepaid Food
- Average Daily Membership (ADM) - Verification of Residency Policy

*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. . . ."

**SCHOOL FOOD SYSTEMS - PREPAID FOOD**

*Condition and Context*

The control ledger for the Prepaid School Lunch Accounts fund was not reconciled to the details of individual meal accounts in the subsidiary ledger. The control ledger balance at June 30, 2023, was \$13,636, while the subsidiary ledger was \$15,600. The control ledger balance at June 30, 2024, was \$12,940, while the subsidiary ledger was \$15,703.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

The SBOA opinion is that money a student puts into their individual meal account (prepaid food account) should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account balance, it should not be included in the School Lunch fund. It is required that the School Corporation set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, the School Corporation should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

**AVERAGE DAILY MEMBERSHIP (ADM) - VERIFICATION OF RESIDENCY POLICY**

A similar comment also appeared in prior Report B61067.

*Condition and Context*

The School Corporation did not annually adopt or readopt a verification of residency policy that specifies documentation, not to exceed three items, required to verify Indiana residency. Additionally, during testing for Average Daily Membership, 37 student files of the 67 tested were missing information regarding verification of residency of the enrolled students.

*Criteria*

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each school corporation's governing body or charter school board must annually adopt or readopt a policy that specifies documentation, not to exceed three items, required to verify Indiana residency. (Indiana Department of Education Memo, August 27, 2020)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, 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)

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2025, with Mandy Dale, Treasurer; Dawn Mason, Business Manager; Ryan Abbott, Superintendent of Schools; Leon Steury, President of the School Board; and Sara Desormeaux, NEISEC Treasurer.