

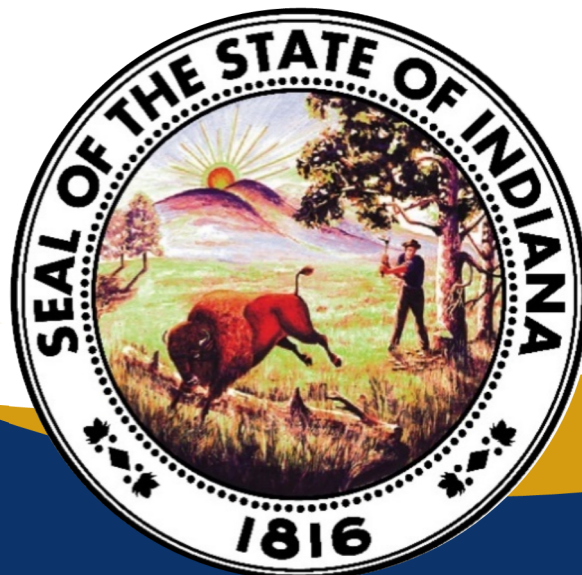
**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXTRACURRICULAR ACCOUNTS
PUTNAM COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

04/08/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Hilarie Logan	07-01-21 to 06-30-25
Superintendent of Schools	Corey Smith	07-01-21 to 06-30-25
President of the School Board	Hollie Hutcheson Lisa Cooper	07-01-21 to 12-31-22 01-01-23 to 06-30-25



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TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION,
EXTRACURRICULAR ACCOUNTS, PUTNAM COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the South Putnam Community School Corporation, Extracurricular Accounts (School ECAs), for the period of July 1, 2021 to June 30, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the School ECAs as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds and what reports are required to be prepared and filed.

We fulfilled our responsibility as detailed in the first paragraph, by applying procedures over cash, receipts, and disbursements. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the School ECAs' reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Hilarie Logan, School Corporation Treasurer; Corey Smith, Superintendent of Schools; and Lisa Cooper, President of the School Board, on March 20, 2025.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 21, 2024

SOUTH PUTNAM MIDDLE/HIGH SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The South Putnam Middle/High School Extracurricular Account (School ECA) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to required monthly and annual uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system.

Extracurricular Account Treasurers are responsible for completing the required monthly and annual uploads.

For the engagement period, the School ECA did not upload any of the annual required documents. Documents to upload annually include:

- Annual Funds Ledger
- Detail of Receipt Activity
- Detail of Disbursement Activity
- Year-end Bank Statement
- Year-end Investment Statements
- Year-end Outstanding Check List

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. . . ."

The purpose of this Directive is to provide guidelines for the use of the "Indiana Gateway for Government Units" (Gateway) application entitled "Monthly and Annual Engagement Uploads" (Engagement Uploads). The Engagement Uploads provide a more efficient and cost-effective audit process for governmental units. . . .

SOUTH PUTNAM MIDDLE/HIGH SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS
(Continued)

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 Extracurricular Accounts, Chapter 5)

SUPPORTING DOCUMENTATION - PRESCRIBED SA-4 TICKET SALES FORM

Condition and Context

The South Putnam Middle/High School Extracurricular Account (School ECA) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to documentation of ticket sales.

Five basketball games and five football games were selected for testing during the engagement. For one of the ten games selected for testing, documentation of the serially prenumbered ticket series was not provided. This information is required to be recorded on prescribed form SA-4, Ticket Sales.

Criteria

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SOUTH PUTNAM MIDDLE/HIGH SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS
(Continued)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold, and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extracurricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in the series number.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)