

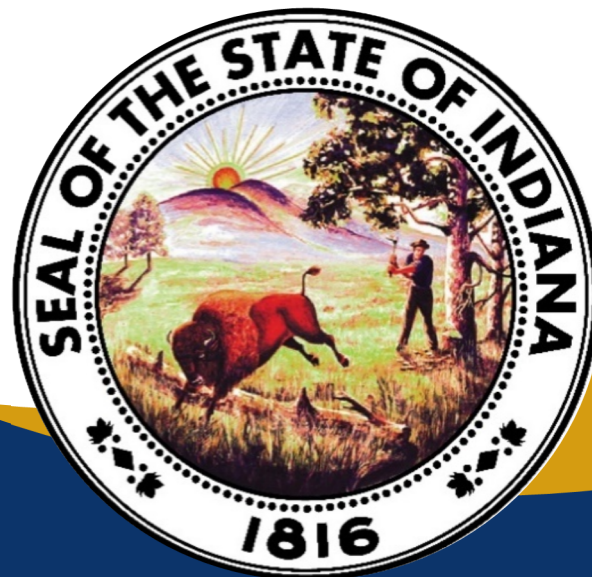
**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF

MACONAQUAH SCHOOL CORPORATION
EXTRACURRICULAR ACCOUNTS
MIAMI COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
01/15/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Jackquan E. Gray	07-01-21 to 03-14-24
	Heather Simpson	03-15-24 to 09-30-24
	(Vacant)	10-01-24 to 10-14-24
	Jennifer Miller	10-15-24 to 06-30-25
Superintendent of Schools	Dr. James Callane	07-01-21 to 09-04-22
	Kelly McPike	09-05-22 to 05-31-23
	Craig Jernagan	06-01-23 to 06-30-25
President of the School Board	Robert Daine	07-01-21 to 01-08-23
	Allen Willson	01-09-23 to 06-30-25



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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE MACONAQUAH SCHOOL CORPORATION,
EXTRACURRICULAR ACCOUNTS, MIAMI COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Maconaquah 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 Jennifer Miller, School Corporation Treasurer; Craig Jernagan, Superintendent of Schools; Allen Willson, President of the School Board; Carol Howay, Maconaquah Elementary and Pipe Elementary School ECA Treasurer; and Sarah Ousley, Maconaquah Middle and High School ECA Treasurer, on December 16, 2024.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 26, 2024

MACONAQUAH MIDDLE SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS

ECA RISK REPORT - SCHEDULE OF BALANCES, RECEIPTS, AND EXPENDITURES

Condition and Context

The Maconaquah Middle School ECA (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 the ECA Risk Report - Schedule of Balances, Receipts, and Expenditures filed via the Indiana Gateway for Government Units financial reporting system.

The School ECA's beginning cash and investment balance and ending cash and investment balance reported on the ECA Risk Report - Schedule of Balances, Receipts, and Expenditures for the fiscal year ended June 30, 2022, and June 30, 2023, did not agree with School ECA records. The following variances were noted:

Cash and Investment Balance	Fiscal Year Ended	
	June 30, 2022	June 30, 2023
ECA Records	\$ 63,601	\$ 77,256
ECA Risk Report	63,338	75,943
Variance	\$ 263	\$ 1,313

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. . . ."

MACONAQUAH MIDDLE SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS
(Continued)

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](#)."

ECA RISK REPORT - CASH RECONCILEMENTS

Condition and Context

The 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 the ECA Risk Report - Cash Reconcilements filed via the Indiana Gateway for Government Units (Gateway) financial reporting system.

Comparison of the School ECA's Schedule of Balances, which included a bank reconciliation uploaded to Gateway by the School ECA in accordance with State Examiner Directive 2018-1, as amended, with the information reported in the ECA Risk Report - Cash Reconciliation filed in accordance with Indiana Code 5-11-1-4(a), showed the following differences:

	Fiscal Year Ended					
	June 30, 2022			June 30, 2023		
	ECA Risk Report Cash Reconciliation	ECA Records	Variance	ECA Risk Report Cash Reconciliation	ECA Records	Variance
Depository Balance	\$ 65,926	\$ 65,926	\$ -	\$ 79,098	\$ 79,098	\$ -
Deduct:						
Other Reconciling Items	263	-	263	2,000	-	2,000
Outstanding Checks	2,325	2,325	-	1,146	1,146	-
Balance	<u>\$ 63,338</u>	<u>\$ 63,601</u>	<u>\$ (263)</u>	<u>\$ 75,952</u>	<u>\$ 77,952</u>	<u>\$ (2,000)</u>

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.

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MACONAQUAH MIDDLE SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENTS
(Continued)

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Indiana Code 5-11-1-4(a) states:

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MACONAQUAH ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT

ECA RISK REPORT - CASH RECONCILEMENTS

Condition and Context

The Maconaquah Elementary 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 ECA Risk Report Cash Reconcilements filed via the Gateway financial reporting system.

Comparison of the ECA's Schedule of Balances which included a bank reconciliation uploaded to the Gateway financial reporting system by the ECA in accordance with State Examiner Directive 2018-1, as amended, with the information reported in the ECA Risk Report Cash Reconciliation filed in accordance with Indiana Code 5-11-1-4(a) showed the following differences:

	Fiscal Year Ended					
	June 30, 2022			June 30, 2023		
	ECA Risk Report			ECA Risk Report		
	Cash Reconciliation	ECA Records	Variance	Cash Reconciliation	ECA Records	Variance
Depository Balance	\$ 23,662	\$ 23,662	\$ -	\$ 26,098	\$ 26,098	\$ -
Deduct:						
Other Reconciling Items	-	-	-	21	-	21
Outstanding Checks	794	68	726	33	33	-
Balance	<u>\$ 22,868</u>	<u>\$ 23,594</u>	<u>\$ (726)</u>	<u>\$ 26,044</u>	<u>\$ 26,065</u>	<u>\$ (21)</u>

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:

MACONAQUAH ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT
(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.

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. . . ."

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"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](#)."