

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

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

COMPLIANCE ENGAGEMENT REPORT
OF

RUSH COUNTY SCHOOLS
EXTRACURRICULAR ACCOUNTS
RUSH COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
12/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Melissa Leap	07-01-21 to 06-30-23
	(Vacant)	07-01-23 to 07-16-23
	Julie Cramer	07-17-23 to 06-30-25
Superintendent of Schools	Dr. Matt Vance	07-01-21 to 06-30-22
	Jim Jameson	07-01-22 to 06-30-25
President of the School Board	Doug Marlow	07-01-21 to 12-31-21
	Tammy Jackman	01-01-22 to 12-31-22
	Jeff Amos	01-01-23 to 12-31-23
	Dr. Steve Sickbert	01-01-24 to 06-30-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE RUSH COUNTY SCHOOLS, EXTRACURRICULAR
ACCOUNTS, RUSH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Rush County Schools, 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 Julie Cramer, School Corporation Treasurer; Jim Jameson, Superintendent of Schools; and Dr. Steve Sickbert, President of the School Board, on November 25, 2024.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 19, 2024

RUSHVILLE CONSOLIDATED HIGH SCHOOL
COMMENT

LATE SUBMISSION - EXTRACURRICULAR ACCOUNT RISK REPORT

Condition and Context

The Extracurricular Account (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 submission of the ECA Risk Report.

The ECA Risk Reports are required to be submitted online in the Indiana Gateway for Government Units financial reporting system no later than 60 days after the close of each fiscal year. For the engagement period, the ECA submitted its ECA Risk Report 15 days late for the fiscal year ended June 30, 2023.

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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

BENJAMIN RUSH MIDDLE SCHOOL
COMMENTS

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

Condition and Context

The Extracurricular Account (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 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 years ended June 30, 2022, and June 30, 2023, does not agree with ECA records. The following differences were noted:

	<u>July 1, 2021</u>	<u>June 30, 2022</u>	<u>July 1, 2022</u>	<u>June 30, 2023</u>
ECA Records	\$ 48,831	\$ 53,377	\$ 53,377	\$ 39,894
ECA Risk Report Schedule of Balances, Receipts, and Expenditures	<u>48,831</u>	<u>53,101</u>	<u>53,223</u>	<u>39,504</u>
Difference	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 155</u>	<u>\$ 391</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.

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 5-11-1-4(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](#)."

BENJAMIN RUSH MIDDLE SCHOOL
COMMENTS
(Continued)

ECA RISK REPORT - CASH RECONCILEMENTS

Condition and Context

The Extracurricular Account (ECA) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, noncompliance related to ECA Risk Report - Cash Reconcilements filed via the Indiana Gateway for Government Units (Gateway) financial reporting system.

Comparison of the ECA's records uploaded to Gateway 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 IC 5-11-1-4(a) showed the following differences:

	June 30, 2022		
	ECA Risk Report		
	Cash Reconciliation	ECA Records	Difference
Depository Balance	\$ 60,764	\$ 60,339	\$ 425
Cash On Hand (ADD)	-	-	-
Deposits in Transit (ADD)	2,594	-	2,594
Other Reconciling Items (ADD/DEDUCT)	10,000	10,000	-
Total of Outstanding Checks (DEDUCT)	<u>(20,257)</u>	<u>(16,961)</u>	<u>(3,295)</u>
Balances	<u>\$ 53,101</u>	<u>\$ 53,377</u>	<u>\$ (276)</u>
	June 30, 2023		
	ECA Risk Report		
	Cash Reconciliation	Schedule of Balances	Difference
Depository Balance	\$ 43,191	\$ 31,056	\$ 12,135
Cash On Hand (ADD)	-	-	-
Deposits in Transit (ADD)	2,620	-	2,620
Other Reconciling Items (ADD/DEDUCT)	10,000	10,000	-
Total of Outstanding Checks (DEDUCT)	<u>(16,308)</u>	<u>(1,162)</u>	<u>(15,146)</u>
Balances	<u>\$ 39,504</u>	<u>\$ 39,894</u>	<u>\$ (391)</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:

BENJAMIN RUSH MIDDLE SCHOOL
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.

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. . . ."

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 Extracurricular Accounts, Chapter 5).

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](#)."

RUSHVILLE ELEMENTARY SCHOOL WEST
COMMENT

TICKET SALES - PRESCRIBED FORM SA-4

Condition and Context

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

One event was selected for testing during the engagement because the elementary school only had one sporting event for which admission was charged. For the single game selected, the prescribed form SA-4 was not utilized to track ticket sales. The ECA did keep track of sales on a separate document. Separate numerical ticket series were not used for the different price groups admitted to the sporting event so recalculation of the expected collections and comparison to the recorded collections using the number of tickets sold per price group and the price per group could not be performed.

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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RUSHVILLE ELEMENTARY SCHOOL WEST
COMMENT
(Continued)

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. . . ."

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 1)

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 prenumbered 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)