

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

COMPLIANCE REPORT  
OF  
INDIANA SCHOOL FOR THE DEAF  
STATE OF INDIANA  
March 1, 2022 to December 31, 2023



**FILED**  
10/02/2024



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AGENCY OFFICIAL

Office

Official

Term

Superintendent

David Geeslin

03-01-22 to 06-30-25



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE INDIANA SCHOOL FOR THE DEAF

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Indiana School for the Deaf (ISD), for the period of March 1, 2022 to December 31, 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 ISD, 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.

We fulfilled our responsibility as detailed in the first paragraph, using procedures performed through a combination of physical inspection of supporting documents and inquiry with the ISD staff to verify the appropriate accounting for and use of revenue; expenses; procurement, travel, and gas card expenses; capital assets; and overtime and comp time paid.

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.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Annual Comprehensive Financial Reports. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

This report is intended solely for the information and use of the ISD's management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office reviewed.

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

August 21, 2024

## INDIANA SCHOOL FOR THE DEAF COMMENTS

### **CAPITAL ASSETS**

#### *Condition and Context*

During our testing of the ISD capital assets, we identified the following:

- The ISD did not conduct an annual physical inventory.
- During our risk assessment and testing, we found five asset tags that were for multiple assets:
  - Six dehumidifiers totaling \$2,260 were recorded as one asset.
  - Two audiometers totaling \$25,278 were recorded as one asset, resulting in the asset being incorrectly added as a capital asset and depreciated in the State of Indiana ACFR.
  - There were 200 computer monitors totaling \$45,600 that were recorded as one asset, resulting in the asset being incorrectly added as a capital asset and depreciated in the State of Indiana ACFR.
  - There were 230 computers that were recorded with two asset tags, one for \$60,960 and the other for \$231,140, resulting in the assets being improperly added as capital assets and depreciated in the State of Indiana ACFR.
- In a test of five capital asset additions, four assets were not correctly posted to the capital asset account (PT 55) in PeopleSoft.

#### *Criteria*

Each year a physical inventory is to be taken and compared to the master listing from the PeopleSoft Asset Management system. This helps to ensure the asset inventory is accurate and that assets have not left the agency without authorization. Physical inventories aid in ensuring that all capital assets purchased or acquired by the agency have been added to Asset Management, and assets disposed of have been removed from Asset Management. It also aids in identifying unused or obsolete assets . . . Evidence of the physical inventory must be maintained in the agency's records. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Chapter 8 - Capital Asset Accounting, 8.4.6 Physical Inventories)

Agency personnel are responsible for accountability for all assets under their control, including capital assets. Adequate asset management staff should be assigned to recording and maintaining, on the PeopleSoft financial system, all capital assets with a cost of \$500 or more. Assets are automatically capitalized upon approval by either the Business Unit approver or AOS approver. Controls should be in effect to ensure additions, disposals, and transfers to other departments or agencies are recorded timely. Inventories of these assets should be performed each year in each department and compared to the PeopleSoft listing. Results of inventories should be retained for audit purposes. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Chapter 8 - Capital Asset Accounting, 8.3 - Internal Control)

INDIANA SCHOOL FOR THE DEAF  
COMMENTS  
(Continued)

For all assets with cost (if donated asset, acquisition value) above \$500, Tag number, Custodian and Location are required asset fields in order to load an asset to Asset Management (AM). These fields must be completed when the asset is delivered to and accepted by the agency receiver; or, if the actual receiver is offline, the entry person recording from the receiver must enter this information. Agency management should assess, and in some cases change, their business processes in order to provide this information to the person receiving the asset into PeopleSoft. . . .

If an asset is processed into AM at a cost less than \$500, these fields (Tag number, Custodian and Location) are still required. . . .

. . . Asset Tags should be attached to the asset so that the asset can be easily traced to the corresponding Asset Management Record. . . .

(Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Chapter 8 - Capital Asset Accounting, 8.4.1.2 Required Chartfields)

The preferred process for acquisition of capital assets is through ePro purchasing. If the correct accounts are used for asset purchases (55xxxx) and an asset profile is noted, the asset will automatically be converted from an expense (55xxxx) to an asset (15xxxx) and loaded into the asset management database. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Chapter 8 - Capital Asset Accounting, 8.4.1 - Acquisition of Capital Assets)

**INTERNAL CONTROLS - BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

We identified the following deficiencies in internal controls over bank account reconciliations for the ISD:

- During the review period, the ISD did not perform bank account reconciliations for the Student Recreation fund.
- During our review of QuickBooks, which is used to record activity in the Student Recreation Fund, we found an entry of \$155,588 on June 30, 2022, which was listed as "Uncategorized Income." Management stated the entry was a correction to balance the discrepancy between the bank account and the records in QuickBooks as a starting point to reconcile the accounts.
- As of December 31, 2023, an unreconciled variance was identified between the ending balance in the bank statement and the fund book balance in QuickBooks. As a result, the closing balance in QuickBooks was \$16,106 lower than the adjusted bank balance. The ISD was unable to provide a supporting documentation as to why this variance exists.

INDIANA SCHOOL FOR THE DEAF  
COMMENTS  
(Continued)

*Criteria*

A complete record of all receipts and disbursements must be maintained in a Recreation fund ledger. Subsidiary accounts for specific sources and/or uses of funds may be established for ease of accountability, but limited to no more than necessary to reasonably account for the funds. Inactive subsidiary accounts should be closed, and the remaining balance combined with the unrestricted subsidiary account. In addition, a control account consisting of the total fund transactions and balances should also be maintained. To ensure accuracy, the control account and individual subsidiary accounts are to be reconciled to each other and to the bank statement monthly. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies Chapter 12 - State Institutions, 12.4.2.1 Specific Accounting Procedures)

At all times, the manual and computerized records, subsidiary ledgers, the control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund to the extent allowable under IC 4-24-6-9. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies Chapter 12 - State Institutions, 12.3.2 - Accountability for Funds)

Trust funds consist of monies held for the use and benefit of, or belonging to patients, students, members, or offenders while they are residing in the institution. Indiana Code 4-24-6-2 requires the superintendent of the institution to keep an accurate accounting of the receipts and disbursements of Trust funds on books and records in accordance with the accounting procedures prescribed by the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies Chapter 12 - State Institutions, 12.4.1 - Trust Funds)

**INTERNAL CONTROLS OVER REVENUES**

*Condition and Context*

We identified the following deficiencies in internal controls over revenues collected by the ISD:

- The ISD did not have written policies for handling of mail, treatment of accountable items, reconciliation of fund, and other primary functions of the business office.
- The ISD did not have segregation of duties over revenue. One employee collects the receipts from multiple departments, records the receipts in a Cash Book, prepares the Report of Collections, and deposits the revenue with the Treasurer of State.
- The ISD uses an outdated Cash Book which was approved by the Indiana State Board of Accounts in 2001. This Cash Book did not include the current minimum requirements as established in the *Accounting and Uniform Compliance Guidelines Manual For State Agencies - Chapter 4*.
- Of the 17 receipts tested, 4 were not deposited the next business day.
- For 8 of 17 receipts tested, management was unable to provide supporting documentation for the revenue. Therefore, we could not confirm the revenue was posted to the proper account within PeopleSoft.

INDIANA SCHOOL FOR THE DEAF  
COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-2 states in part:

". . . The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which the statements and reports pertain. The state board of accounts shall approve all reports that are published or that are required to be filed in the office of state examiner. . . ."

Indiana Code 5-13-6-1(b) states in part:

". . . all public funds collected by state officers, other than treasurer of state, shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state, not later than the business day following the receipt of the funds. . . . Deposits do not relieve any state officer from the duty of maintaining a cashbook under [IC 5-13-5-1](#)."

Each agency, department, quasi, institution or office should have internal controls in effect to provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system.

Controls over the receipting, disbursing, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures.

(Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Organizational Overview--General Guidelines & Policy, Section IV)

Separation of duties is the division or segregation of key duties and responsibilities among different people to reduce the opportunities for any individual to be in a position to commit and conceal errors, intentional or unintentional, or perpetrate fraud in the normal course of their duties. The fundamental premise of segregated duties is that different personnel should perform the functions of initiation, authorization, record keeping, and custody. No one individual should control or perform all key aspects of a transaction or event. These are called incompatible duties when performed by the same individual. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 2 - Internal Controls, 2.3.3.4 Types of Control Activities)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. Documents must be filed in such a manner as to be readily retrievable or otherwise reasonably obtainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Organizational Overview--General Guidelines & Policy, Section IV)

## **STUDENT RECREATION FUNDS EXPENDITURES**

*Condition and Context*

Management of the ISD had not established policies and procedures for the Student Recreation Fund (SRF) to ensure that all SFR-related expenses are exclusively used for SFR purposes.

INDIANA SCHOOL FOR THE DEAF  
COMMENTS  
(Continued)

*Criteria*

Indiana Code 4-24-6-6 states in part:

" . . . (b) These funds shall be used, at the discretion of the superintendent . . . subject to the approval of the chief administrative officer of the department, division, or state agency having administrative control and supervision over the institution, for the direct benefit of persons who are . . . in such institutions, and shall not be used for any purposes which are covered by state appropriations.

(c) The funds shall be expended for purposes in accordance with the policies of the policies of the department, division, or state agency having administrative control over such institution. . . ."

The purpose of the Recreation funds is to directly benefit patients, students, members, or offenders in the institutions. These funds are to be used at the discretion of the superintendent, subject to the policies and approval of the agency having administrative control over the institution, and shall not be used for any purposes which are covered by state appropriations. Officials or employees may be held personally accountable for improper expenditure of Recreation funds. (Accounting and Uniform Compliance Guidelines Manual for States and Quasi Agencies, Organizational Overview--Chapter 12 - State Institutions, 12.4.2 Recreation Funds)

INDIANA SCHOOL FOR THE DEAF  
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2024, with David Geeslin, Superintendent, and Jeremy Hawk, Assistant Superintendent of Finance & Operations.