

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

COMPLIANCE ENGAGEMENT REPORT

OF

REGION 8 EDUCATION SERVICE CENTER

ADAMS COUNTY, INDIANA

July 1, 2019 to June 30, 2023



FILED

04/29/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------------|---------------------|----------------------|
| Executive Director | Joshua O. Wenning | 07-01-19 to 06-30-24 |
| Treasurer | Christine A. Gamble | 07-01-19 to 06-30-24 |
| Chair of the Executive Board | Brent A. Wilson | 07-01-19 to 06-30-20 |
| | Tonya Weaver | 07-01-20 to 06-30-21 |
| | Galen Mast | 07-01-21 to 06-30-22 |
| | Mike Keaffaber | 07-01-22 to 06-30-23 |
| | Marilyn Hissong | 07-01-23 to 06-30-24 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE REGION 8 EDUCATION SERVICE CENTER, ADAMS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Region 8 Education Service Center (School Corporation), for the period of July 1, 2019 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 Corporation 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; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. 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 and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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 Corporation's Annual Financial 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 Joshua O. Wenning, Executive Director; Christine A. Gamble, Treasurer; and Marilyn Hissong, Chair of the Executive Board, on April 25, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 2024

REGION 8 EDUCATION SERVICE CENTER
COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. The School Corporation failed to upload the files for 5 of the 12 months tested to the Indiana Gateway for Governmental Units financial reporting system. The School Corporation did not upload one of the required annual files for FY2022 and failed to upload any of the required annual documents for FY2021, FY2022, and FY2023.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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)

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 Indiana Public School Corporations, Chapter 1)

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. . . ."

REGION 8 EDUCATION SERVICE CENTER
COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment with the same title appeared in prior Reports B52222 and B54433.

Condition and Context

Internal controls were not in place to ensure compliance with Indiana Code 5-11-1-4(a). The School Corporation submitted the Annual Financial Reports for all four years of the engagement period up to 25 days after the due date.

Criteria

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

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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An integral part of the control activity component is segregation of duties. . . .

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS

REGION 8 EDUCATION SERVICE CENTER
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2020 and 2021

| Fund | Cash and Investments 07-01-19 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-20 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-21 |
|---------------------------------------|-------------------------------------|-------------------|-------------------|--------------------------------------|-------------------------------------|---------------------|---------------------|--------------------------------------|-------------------------------------|
| General | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operations | 407,314 | 494,737 | 489,583 | (36,710) | 375,758 | 445,153 | 493,185 | 36,456 | 364,182 |
| Rainy Day | 31,126 | - | 3,598 | 25,000 | 52,528 | - | 18,318 | 20,000 | 54,210 |
| Food Bid | - | 7,370 | - | - | 7,370 | 49,450 | 18,332 | (17,000) | 21,488 |
| Substitute Employee Management System | 122,978 | 132,900 | 85,373 | (13,290) | 157,215 | 132,985 | 91,990 | (31,000) | 167,210 |
| Programs | 9,576 | 29,360 | 30,183 | - | 8,753 | 13,458 | 12,818 | (2,293) | 7,100 |
| Staff Application System | 10,000 | 9,441 | 10,581 | - | 8,860 | 9,753 | 8,906 | 293 | 10,000 |
| Workshop | 93,013 | 38,128 | 63,814 | - | 67,327 | 99,517 | 99,274 | - | 67,570 |
| Future Services | 1,950 | - | - | - | 1,950 | - | - | - | 1,950 |
| Ppe Supplies | - | 17,710 | 24,194 | 25,000 | 18,516 | 47,508 | 34,568 | (6,455) | 25,001 |
| Makerspace Grant | 40,935 | 60,000 | 84,582 | - | 16,353 | 180,000 | 165,552 | - | 30,801 |
| Ask Grant | 31,049 | 55,000 | 86,049 | - | - | 177,500 | 112,369 | - | 65,131 |
| EWIN Grant | 3,500 | 3,500 | 7,000 | - | - | - | - | - | - |
| Geer Grant | - | - | - | - | - | - | 15,100 | - | (15,100) |
| Sec125/Cafeteria Plan | 337 | 7,450 | 7,550 | - | 237 | 6,149 | 6,150 | - | 236 |
| Federal Withholding Tax | - | 35,355 | 35,355 | - | - | 38,725 | 38,725 | - | - |
| Social Security & Medicare Wh Tax | - | 25,080 | 25,080 | - | - | 26,644 | 26,644 | - | - |
| State Withholding Tax | - | 10,481 | 10,481 | - | - | 11,086 | 11,086 | - | - |
| County Withholding Tax | - | 4,868 | 4,868 | - | - | 5,174 | 5,174 | - | - |
| Accident/Cancer/Life Insurance Wh | - | 2,809 | 2,809 | - | - | 2,865 | 2,865 | - | - |
| Annuity Withholdings | - | 7,650 | 7,650 | - | - | 9,640 | 9,640 | - | - |
| Child Support Wh | - | 14,768 | 14,768 | - | - | 14,823 | 14,823 | - | - |
| Medical & Vision Ins W/H | 23 | 520 | 520 | - | 23 | 523 | 524 | - | 22 |
| College Choice 529 Direct Sav | - | 1,300 | 1,300 | - | - | 1,925 | 1,925 | - | - |
| Fringe Benefit | - | 1,413 | 1,413 | - | - | 1,464 | 1,464 | - | - |
| Totals | <u>\$ 751,801</u> | <u>\$ 959,840</u> | <u>\$ 996,751</u> | <u>\$ -</u> | <u>\$ 714,890</u> | <u>\$ 1,274,342</u> | <u>\$ 1,189,432</u> | <u>\$ 1</u> | <u>\$ 799,801</u> |

REGION 8 EDUCATION SERVICE CENTER
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended June 30, 2022 and 2023

| Fund | Cash and Investments 07-01-21 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-22 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-23 |
|---------------------------------------|-------------------------------------|---------------------|---------------------|--------------------------------------|-------------------------------------|---------------------|---------------------|--------------------------------------|-------------------------------------|
| Operations | \$ 364,178 | \$ 511,957 | \$ 510,020 | \$ 8,175 | \$ 374,290 | \$ 667,811 | \$ 555,296 | \$ (19,351) | \$ 467,454 |
| Rainy Day | 54,210 | - | 32,093 | 20,000 | 42,117 | 5,412 | 28,000 | 20,000 | 39,529 |
| Food Bid | 21,489 | 51,602 | 19,200 | (53,891) | - | - | - | - | - |
| Substitute Employee Management System | 167,210 | 122,420 | 149,000 | - | 140,630 | 100,700 | 136,082 | - | 105,248 |
| Programs | 7,100 | 32,836 | 35,482 | - | 4,454 | 39,936 | 37,321 | - | 7,069 |
| Staff Application System | 10,000 | 10,108 | 9,347 | (761) | 10,000 | 10,641 | 9,992 | (649) | 10,000 |
| Workshop | 67,571 | 96,706 | 92,725 | - | 71,552 | 128,288 | 139,118 | - | 60,722 |
| Future Services | 1,950 | - | - | (1,950) | - | - | - | - | - |
| Ppe Supplies | 25,000 | 3,746 | 3,282 | (25,464) | - | - | - | - | - |
| Visual Learning | - | 42,995 | 43,714 | - | (719) | 94,613 | 93,894 | - | - |
| Lead Learners | - | 16,775 | 11,087 | - | 5,688 | 248,347 | 148,717 | - | 105,318 |
| Stem/Lit Grant | - | - | 1,006 | - | (1,006) | 88,409 | 104,350 | - | (16,947) |
| Food Bid Services | - | - | - | 53,891 | 53,891 | 64,054 | 84,832 | - | 33,113 |
| Makerspace Grant | 30,802 | 108,000 | 104,017 | - | 34,785 | - | 34,785 | - | - |
| Ask Grant | 65,131 | 154,036 | 147,187 | - | 71,980 | 107,825 | 120,422 | - | 59,383 |
| Explore Engage Experience -3E Grant | - | - | - | - | - | 209,195 | 312,387 | - | (103,192) |
| Geer Grant | (15,100) | 19,500 | 4,400 | - | - | - | - | - | - |
| Sec125/Cafeteria Plan | 237 | 6,250 | 6,242 | - | 245 | 6,525 | 6,511 | - | 259 |
| Federal Withholding Tax | - | 38,594 | 38,594 | - | - | 67,255 | 67,255 | - | - |
| Social Security & Medicare Wh Tax | - | 29,266 | 29,266 | - | - | 40,477 | 40,477 | - | - |
| State Withholding Tax | - | 11,796 | 11,796 | - | - | 16,300 | 16,300 | - | - |
| County Withholding Tax | - | 5,669 | 5,669 | - | - | 7,539 | 7,539 | - | - |
| Accident/Cancer/Life Insurance Wh | - | 2,661 | 2,634 | - | 27 | 3,211 | 3,153 | - | 85 |
| Annuity Withholdings | - | 12,130 | 12,130 | - | - | 29,270 | 29,270 | - | - |
| Child Support Wh | - | 14,768 | 14,768 | - | - | 14,768 | 14,768 | - | - |
| Medical & Vision Ins W/H | 23 | 469 | 477 | - | 15 | 452 | 462 | - | 5 |
| College Choice 529 Direct Sav | - | 3,600 | 3,600 | - | - | 3,700 | 3,900 | - | (200) |
| Fringe Benefit | - | 1,581 | 1,581 | - | - | 21 | 21 | - | - |
| Totals | \$ 799,801 | \$ 1,297,465 | \$ 1,289,317 | \$ - | \$ 807,949 | \$ 1,954,749 | \$ 1,994,852 | \$ - | \$ 767,846 |