

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

COMPLIANCE ENGAGEMENT REPORT

OF

CENTRAL INDIANA EDUCATION SERVICE CENTER

MARION COUNTY, INDIANA

July 1, 2019 to June 31, 2022



FILED
11/20/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dr. Kevin Caress Dr. Andrew Melin	07-01-19 to 12-18-19 12-19-19 to 06-30-25
President of the Board	Dr. Matthew Prusiecki	07-01-19 to 06-30-25
Business Manager	Michelle Smith Christine Derda (Vacant) David Stowers	07-01-19 to 01-31-21 02-01-21 to 03-24-23 03-25-23 to 03-29-23 03-30-23 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE CENTRAL INDIANA EDUCATION
SERVICE CENTER, MARION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Central Indiana Education Service Center (Service Center), for the period of July 1, 2019 to June 31, 2022. 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 Service Center 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, Other Financing Sources (Uses), 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 Service Center'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 Dr. Andrew Melin, Executive Director; Dr. Matthew Prusiecki, President of the Board; and David Stowers, Business Manager, on October 31, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 29, 2024

CENTRAL INDIANA EDUCATION SERVICES CENTER
COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

The Service Center has internal controls in place over the submission of the Annual Financial Report (AFR) in the Indiana Gateway for Government Units financial reporting system; however, they were not effective in preventing, or detecting and correcting, noncompliance related to the AFR.

The cash and investments balances were reported incorrectly in the AFR for the fiscal years 2020, 2021, and 2022 and did not agree with the financial records of the Service Center. The differences between the AFR and the financial records ending cash and investment balances for 2020 and 2021 was \$5,340 and \$5,603, respectively. The differences between the 2023 AFR and the financial records was \$1,500,016 for beginning balances and \$1,457,713 for ending balances. The differences in the 2023 AFR are mostly attributable to incorrect reporting of investments in the AFR.

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 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](#)."

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. . . ."

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

CENTRAL INDIANA 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	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000
Education Fund	-	-	-	-	-	-	-	-	-
Operations Fund	6,477,416	10,278,553	8,457,686	(974,663)	7,323,620	11,261,723	10,613,711	(940,000)	7,031,632
Rainy Day Fund	670,000	-	589,843	1,063,535	1,143,692	-	213,531	950,000	1,880,161
Retirement Severance--Sick Leave	135,384	-	15,785	20,000	139,599	-	(380)	-	139,979
Driver Ed. Car Replacement	797	-	-	(797)	-	-	-	-	-
Self-Insurance- Worker'S Comp	165,000	-	-	25,000	190,000	-	-	-	190,000
Joint Operations-Other	-	208,831	329,560	-	(120,729)	154,500	33,771	-	-
Joint Purchases	-	-	-	-	-	-	-	-	-
Driver Education Donations	3,850	1	200	797	4,448	-	500	-	3,948
loa Scholarship Fund	1,480	3,376	550	-	4,306	5,579	3,089	-	6,796
Scholarships And Awards	500	-	-	-	500	-	-	-	500
Lilly Endowment Youth Program	-	-	-	-	-	23,000	18,072	-	4,928
Visible Learning/Lottery Grant	556	-	-	(556)	-	-	-	-	-
State Technology Fund	10,634	-	7,500	-	3,134	7,440	3,125	-	7,449
21St C. Grant Contract	31,178	136,104	131,370	-	35,912	134,868	187,955	-	(17,175)
21St C. Grant Contract	-	-	-	-	-	-	-	-	-
21St C. Grant Contract	-	-	-	-	-	-	-	-	-
21St C. Grant Contract	-	-	-	-	-	-	-	-	-
Isd Contract	18,334	-	-	(18,334)	-	-	-	-	-
Doe Math Summit	7,156	-	-	(7,156)	-	-	-	-	-
Elearning 18-19	(3,294)	12,993	15,689	5,990	-	-	-	-	-
Patins - Idoe Assessment Office	-	-	-	-	-	-	-	-	-
Geer Grant	-	-	-	-	-	206,743	226,755	-	(20,012)
Elearning 18-19	-	6,040	50	(5,990)	-	-	-	-	-
Patins 19-20	(389,712)	1,215,248	1,207,184	-	(381,648)	-	-	-	(381,648)
Patins 17-18	-	-	-	-	-	-	-	-	-
Patins 18-19	-	-	-	-	-	-	-	-	-
Patins Subgrant Fund	12,011	1,005	13,016	-	-	-	-	-	-
Ses Program	113,452	-	6,062	(107,390)	-	-	-	-	-
Covid-19 Ppp Fifth Third Loan	-	975,000	779,215	-	195,785	-	195,786	-	(1)
Totals	\$ 9,254,742	\$ 12,837,151	\$ 11,553,710	\$ 436	\$ 10,538,619	\$ 11,793,853	\$ 11,495,915	\$ 10,000	\$ 10,846,557

CENTRAL INDIANA 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
Operations Fund	\$ 10,531,652	\$ 12,110,888	\$ 12,785,922	\$ (500,000)	\$ 9,356,618
Rainy Day Fund	1,880,160	-	23,070	500,000	2,357,090
Retirement Severance-Sick Leave	139,979	-	2,620	-	137,359
Self-Insurance- Worker'S Comp	190,000	-	-	-	190,000
Future Focused Learnng Ser: Kinl	-	-	-	-	-
I-Stem:Ind Stem Educator Expansn	-	-	-	-	-
Btcc:Bldg Thinking Classrms Conf	-	-	-	-	-
Driver Education Donations	3,947	-	100	-	3,847
loa Scholarship Fund	6,795	25,485	2,000	-	30,280
Scholarships And Awards	500	-	-	-	500
Lilly Endowment Youth Program	4,928	-	4,928	-	-
Accelerated Learning Grant	-	565,855	710,245	-	(144,390)
Lit/Stem Project	-	-	7,014	-	(7,014)
State Technology Fund	7,449	8,880	-	-	16,329
21St C. Grant Contract	(17,176)	275,942	289,375	-	(30,609)
Reach 21/22	-	-	43,067	-	(43,067)
21St C Grant - 22/23 Cohort 11	-	-	-	-	-
After School Program	-	-	-	-	-
Geer Grant	(20,013)	468,950	350,323	-	98,614
Title Ii - In The Lead	-	626,938	626,929	-	9
Comprehensive Sch Counseling	-	-	-	-	-
Explore Engage Experience Grant	-	-	-	-	-
School Safety Grant	-	176,407	176,407	-	-
Totals	\$ 12,728,221	\$ 14,259,345	\$ 15,022,000	\$ -	\$ 11,965,566