

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

COMPLIANCE ENGAGEMENT REPORT

OF

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY

MARION COUNTY, INDIANA

July 1, 2019 to June 30, 2023



**FILED**  
08/27/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Andy Carlton	07-01-19 to 06-30-24
Executive Director	Dr. Scott Carson Nikki Cahill	07-01-19 to 12-31-23 01-01-24 to 06-30-24
President of the Governing Board	Dr. Paul Kaiser Patrick Mapes Dr. Matt Prusiecki Dr. Laura Hammack	07-01-19 to 06-30-20 07-01-20 to 06-30-22 07-01-22 to 06-30-23 07-01-23 to 06-30-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTHSIDE SPECIAL SERVICES  
OF MARION COUNTY, MARION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Southside Special Services of Marion County (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, 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 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 Nikki Cahill, Executive Director; Andy Carlton, Business Manager; Dr. Laura Hammack, President of the Governing Board; Dr. Patrick Spray, Governing Board member; and Pam Johnson, HR Manager, on August 16, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

July 14, 2024

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Internal controls were not in place to ensure the Annual Financial Report (AFR) submitted in the Indiana Gateway for Government Units financial reporting system for fiscal years 2020, 2022, and 2023 accurately reflected the financial activity of the School Corporation. The table below shows the amounts the AFR was understated by for each fund compared to the School Corporation's ledger:

Fund	Beginning Balance Understatement		
	June 30, 2020	June 30, 2022	June 30, 2023
Education	\$ -	\$ 2,264,901	\$ 2,535,537
Operations	-	222,277	306,371
Donations Gifts And Trusts	-	915	-
Recreational Activities	-	334	-
Removal Of Barriers To Handicapped	-	(2)	-
Payroll Withholdings	1,701	1,146	1,118
<b>Total</b>	<b>\$ 1,701</b>	<b>\$ 2,489,571</b>	<b>\$ 2,843,027</b>

Fund	Receipt Understatement		
	June 30, 2020	June 30, 2022	June 30, 2023
Education	\$ -	\$ 1,648,569	\$ 1,671,240
Operations	-	501,526	68,821
Payroll Withholdings	618,000	711,836	910,342
RLC P-Card	22,005	30,704	36,234
<b>Total</b>	<b>\$ 640,005</b>	<b>\$ 2,892,635</b>	<b>\$ 2,686,637</b>

Fund	Disbursement Understatement		
	June 30, 2020	June 30, 2022	June 30, 2023
Education	\$ -	\$ 1,875,705	\$ 845,201
Operations	-	578,281	568,401
Payroll Withholdings	617,894	711,864	910,488
RLC P-Card	22,005	30,704	36,234
<b>Total</b>	<b>\$ 639,899</b>	<b>\$ 3,196,554</b>	<b>\$ 2,360,324</b>

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
COMMENTS  
(Continued)

Fund	Other Financing Sources Understatement		
	June 30, 2020	June 30, 2022	June 30, 2023
Education	\$ -	\$ -	\$ 578,233
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,233</u>

Fund	Other Financing Uses Overstatement		
	June 30, 2020	June 30, 2022	June 30, 2023
Rainy Day	\$ -	\$ -	\$ 578,233
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,233</u>

Adjustments were proposed, accepted by the School Corporation, and made to the Statements of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.

Additionally, the School Corporation filed its 2020 and 2021 AFR after the due date. The AFR is due 60 days after fiscal year end, and the School Corporation submitted its reports for 2020 and 2021 on September 15, 2020 (15 days late), and on September 3, 2021 (4 days late), respectively.

*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 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 Special Districts, 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.

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
COMMENTS  
(Continued)

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. . . ."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The School Corporation did not upload into the Indiana Gateway for Governmental Units (Gateway) financial reporting system some of the required monthly and annual files for 2019 through 2023.

The files and governmental unit information that are required to be uploaded monthly include the bank reconcilements, bank statements, outstanding check lists, approved Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end investment statement, detail of receipt activity, detail of disbursement activity, detail of disbursements by fund and account, current year salary ordinance (including amendments), annual vendor history report, annual funds ledger, and annual payroll history report (without social security numbers).

For the period of July 2019 to June 2023 the following information was not uploaded to Gateway:

- Banks Statements for all months of the engagement period.
- Monthly Funds Ledgers for September to December 2019 and December 2020.
- Annual Funds Ledger and Salary Ordinance or Schedule for fiscal years ending June 30, 2020, June 30, 2021, and June 30, 2022.
- Annual Payroll History Report for the fiscal year ending June 30, 2020.
- All annual uploads for the fiscal year ending June 30, 2023.

*Criteria*

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)

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
COMMENTS  
(Continued)

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. . . .

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. . . ."

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

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
 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
Education	\$ 1,964,580	\$ 3,495,358	\$ 3,036,052	\$ -	\$ 2,423,886	\$ 3,385,702	\$ 3,544,689	\$ -	\$ 2,264,899
Operations	(3,102)	1,001,411	1,008,425	8,706	(1,410)	1,168,831	945,148	-	222,273
Capital Projects	8,706	-	-	(8,706)	-	-	-	-	-
Donations Gifts And Trusts	915	-	-	-	915	-	-	-	915
Recreational Activities	334	-	-	-	334	-	-	-	334
Part B (611) FY 2016	(87,954)	-	(87,954)	-	-	-	-	-	-
Removal Of Barriers To Handicapped	(2)	-	-	-	(2)	-	-	-	(2)
Payroll Withholdings	1,701	618,000	617,894	-	1,807	663,564	664,226	-	1,145
RLC P-Card	-	22,005	22,005	-	-	22,640	22,640	-	-
<b>Totals</b>	<u>\$ 1,885,178</u>	<u>\$ 5,136,774</u>	<u>\$ 4,596,422</u>	<u>\$ -</u>	<u>\$ 2,425,530</u>	<u>\$ 5,240,737</u>	<u>\$ 5,176,703</u>	<u>\$ -</u>	<u>\$ 2,489,564</u>

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY  
 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
Education	\$ 2,264,901	\$ 3,907,683	\$ 3,637,047	\$ -	\$ 2,535,537	\$ 5,056,942	\$ 4,389,890	\$ (578,233)	\$ 2,624,356
Operations	222,277	1,174,751	1,092,064	-	304,964	1,237,652	1,513,550	-	29,066
Rainy Day	-	-	-	-	-	-	-	578,233	578,233
Donations Gifts And Trusts	915	-	-	-	915	-	-	-	915
Recreational Activities	334	-	-	-	334	-	-	-	334
Removal Of Barriers To Handicapped	(2)	-	-	-	(2)	-	-	-	(2)
Payroll Withholdings	1,146	711,836	711,864	-	1,118	910,342	910,488	-	972
RLC P-Card	-	30,704	30,704	-	-	36,234	36,234	-	-
Totals	<u>\$ 2,489,571</u>	<u>\$ 5,824,974</u>	<u>\$ 5,471,679</u>	<u>\$ -</u>	<u>\$ 2,842,866</u>	<u>\$ 7,241,170</u>	<u>\$ 6,850,162</u>	<u>\$ -</u>	<u>\$ 3,233,874</u>