

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

COMPLIANCE ENGAGEMENT REPORT

OF

LEWIS CASS SCHOOLS EXTRACURRICULAR ACCOUNTS

CASS COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

11/14/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Kristi Hull	07-01-21 to 03-31-22
	(Vacant)	04-01-22 to 05-02-22
	Scott Bumgardner	05-03-22 to 06-30-23
	(Vacant)	07-01-23 to 07-16-23
	Valerie Moore	07-17-23 to 03-14-24
President of the School Board	Jackquan Gray	03-15-24 to 06-30-25
	Ryan Zeck	07-01-21 to 12-31-22
	Rick Lee	01-01-23 to 06-30-25
Superintendent of Schools	Tim Garland	07-01-21 to 04-26-24
	Steve Darnell	04-27-24 to 06-30-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE LEWIS CASS SCHOOLS, EXTRACURRICULAR
ACCOUNTS, CASS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Lewis Cass 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 Jackquan Gray, School Corporation Treasurer; Rick Lee, President of the School Board; and Steve Darnell, Superintendent of Schools, on October 29, 2024.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 29, 2024

LEWIS CASS JR/SR HIGH
COMMENTS

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 be effective in preventing, or detecting and correcting, noncompliance related to the ECA Risk Report Cash Reconcilements filed via the Indiana Gateway for Government Units (Gateway) financial reporting system.

Comparison of the ECA's Schedule of Balances which included a bank reconciliation uploaded to the Gateway financial reporting system 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 Indiana Code 5-11-1-4(a) showed the following differences:

	June 30, 2022			June 30, 2023		
	ECA Risk Report Cash Reconciliation	Schedule of Balances	Difference	ECA Risk Report Cash Reconciliation	Schedule of Balances	Difference
Depository Balance	\$ 485,983	\$ 204,312	\$ 281,671	\$ 181,678	\$ 221,905	\$ (40,227)
Cash On Hand (ADD)	193,864	-	193,864	-	-	-
Other Reconciling Items (ADD/DEDUCT)	(487,954)	-	(487,954)	27,975	-	27,975
Total of Outstanding Checks (DEDUCT)	-	(12,419)	12,419	(3,977)	(3,977)	-
Balance	<u>\$ 191,893</u>	<u>\$ 191,893</u>	<u>\$ -</u>	<u>\$ 205,676</u>	<u>\$ 217,928</u>	<u>\$ (12,252)</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](#)."

LEWIS CASS JR/SR HIGH
COMMENTS
(Continued)

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

Condition and Context

The 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 Gateway financial reporting system.

The beginning cash balance and ending cash balance reported on the ECA Risk Report Schedule of Balances, Receipts, and Expenditures for the fiscal year ended June 30, 2023, does not agree with the ECA records. The beginning cash balance reported on the ECA Risk Report Schedule of Balances, Receipts, and Expenditures as of July 1, 2022, was overstated by \$6,592. The ending cash balance reported on the ECA Risk Report Schedule of Balances, Receipts, and Expenditures as of June 30, 2023, was understated by \$12,252.

	July 1, 2021	June 30, 2022	July 1, 2022	June 30, 2023
ECA Records	\$ 193,865	\$ 191,893	\$ 191,893	\$ 217,928
ECA Risk Report Schedule of Balances, Receipts, and Expenditures	<u>193,865</u>	<u>191,893</u>	<u>198,485</u>	<u>205,676</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,592)</u>	<u>\$ 12,252</u>

Criteria

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LEWIS CASS JR/SR HIGH
COMMENTS
(Continued)

SUPPORTING DOCUMENTATION - PRESCRIBED SA-4 TICKET SALES FORM

Condition and Context

The 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 ticket sales conducted for activities.

The ECA Treasurers are 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 Ticket Sales Form SA-4 is a required prescribed form for tracking this information.

Five basketball games and five football games were selected for testing during the engagement. For eight of the ten games selected for testing, the prescribed Ticket Sales Form SA-4 was requested for examination. The ECA did not use the prescribed Ticket Sales Form SA-4 or exact replica; nor did the ECA provide any supporting documentation related to the ticket sales.

Criteria

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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)

LEWIS CASS ELEMENTARY
COMMENT

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 be effective in preventing, or detecting and correcting, noncompliance related to the ECA Risk Report - Cash Reconcilements filed via the Gateway financial reporting system.

Comparison of the ECA's Schedule of Balances which included a bank reconciliation uploaded to the Gateway financial reporting system in accordance with State Examiner Directive 2018-1, as amended, with the information reported in the ECA Risk Report - Cash Reconcilements filed in accordance with Indiana Code 5-11-1-4(a) showed the following differences:

	June 30, 2022			June 30, 2023		
	ECA Risk Report Cash Reconciliation	Schedule of Balances	Difference	ECA Risk Report Cash Reconciliation	Schedule of Balances	Difference
Depository Balance	\$ 19,344	\$ 81,581	\$ (62,237)	\$ 45,088	\$ 85,314	\$ (40,226)
Cash On Hand (ADD)	77,121	-	77,121	-	-	-
Other Reconciling Items (ADD/DEDUCT)	(16,410)	-	(16,410)	40,226	-	40,226
Total of Outstanding Checks (DEDUCT)	-	(1,526)	1,526	(7)	(7)	-
Balance	<u>\$ 80,055</u>	<u>\$ 80,055</u>	<u>\$ -</u>	<u>\$ 85,307</u>	<u>\$ 85,307</u>	<u>\$ -</u>

Criteria

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