

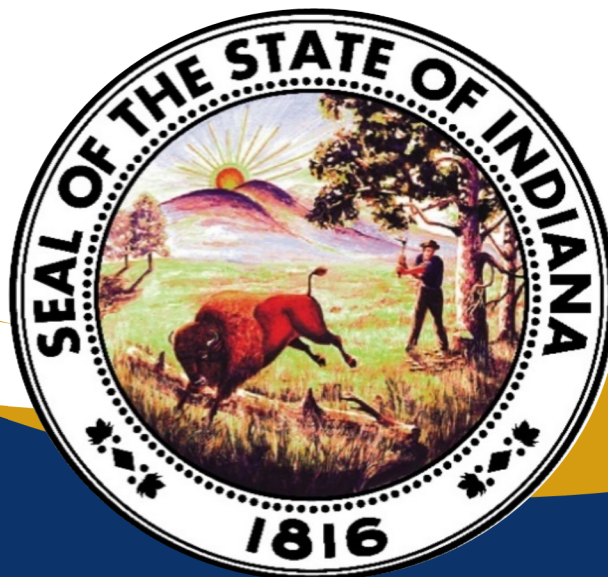
**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF

NORTHEAST SCHOOL CORPORATION
EXTRACURRICULAR ACCOUNTS
SULLIVAN COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED
12/20/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Vikki Huntworth Angel Riley	07-01-21 to 08-31-22 09-01-22 to 06-30-25
Superintendent of Schools	Dr. Mark Baker Dustin Hitt	07-01-21 to 06-30-24 07-01-24 to 06-30-25
President of the School Board	Jeremy Swalls Don Ransford	07-01-21 to 12-31-23 01-01-24 to 06-30-25



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TO: THE OFFICIALS OF THE NORTHEAST SCHOOL CORPORATION,
EXTRACURRICULAR ACCOUNTS, SULLIVAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Northeast School Corporation, 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 Angel Riley, School Corporation Treasurer; Dustin Hitt, Superintendent of Schools; and Don Ransford, President of the School, on December 3, 2024.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 21, 2024

NORTHEAST EAST ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT

SUPPORTING DOCUMENTATION - PRESCRIBED SA-4 TICKET SALES FORM

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 likely be effective in preventing, or detecting and correcting, noncompliance related to Supporting Documentation - Prescribed Form SA-4 Ticket Sales Form.

Three games were selected for testing during the engagement, and the prescribed SA-4 Ticket Sales Forms were requested for examination. The ECA did not use the prescribed SA-4 Ticket Sales Form or an exact replica. The ECA did not provide any supporting documentation related to the ticket sales for one of three games tested due to the ECA not keeping records of collections during fiscal year 2022. For two of three games selected for testing, documentation of the serially prenumbered ticket series was not provided.

Due to the ECA not providing proper documentation for serially prenumbered ticket series, a recalculation of collections using tickets sold and price per ticket could not be performed.

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.

NORTHEAST EAST ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT
(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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, 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)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extracurricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in the series number.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

NORTH CENTRAL HIGH SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT

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

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 - Schedule of Balances, Receipts, and Expenditures filed via the Indiana Gateway for Government Units financial reporting system.

The ECA's reported cash and investment balance as of June 30, 2021, does not agree with the reported cash and investment balance as of July 1, 2022, reported on the ECA Risk Reports - Schedule of Balances, Receipts, and Expenditures for the fiscal years ended June 30, 2021, and June 30, 2022. The beginning cash and investment balance reported on the ECA Risk Report - Schedule of Balances, Receipts, and Expenditures as of July 1, 2022, was understated by \$2,032.

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](#)."



Northeast School Corporation

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To Whom It May Concern:

This letter is in response to the SBOA Compliance Engagement Report for Northeast School Corporation Extracurricular Accounts for the period of July 1, 2021 to June 30, 2023.

In response to the compliance report for North Central High School, the treasurer at the time had run a report that did not include the “inactive” funds. After receiving the compliance report, I had the current treasurer run a report including said funds and this agreed with the amount of the understated cash balance.

Sincerely,

Angel Riley

Angel Riley
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Dustin Hitt
Superintendent

Angel Riley
Chief Financial Officer

Bailey Clausen
Payroll/Human Resources