

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

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

COMPLIANCE ENGAGEMENT REPORT
OF

WAWASEE COMMUNITY SCHOOL CORORATION
EXTRACURRICULAR ACCOUNTS
KOSCIUSKO COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

04/09/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3
Comments:	
Wawasee High School	4
Syracuse Elementary School	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	James Flecker (Vacant) Rachel Moore	07-01-21 to 06-14-22 06-15-22 to 07-11-22 07-12-22 to 06-30-25
Superintendent of Schools	Dr. Stephen Troyer	07-01-21 to 06-30-25
President of the School Board	Don Bokhart	07-01-21 to 06-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

TO: THE OFFICIALS OF THE WAWASEE COMMUNITY SCHOOL CORPORATION,
EXTRACURRICULAR ACCOUNTS, KOSCIUSKO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Wawasee Community 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 Rachel Moore, School Corporation Treasurer; Dr. Stephen Troyer, Superintendent of Schools; and Don Bokhart, President of the School Board, on March 19, 2025.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 7, 2024

WAWASEE HIGH SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT

OVERDRAWN CASH BALANCES

Condition and Context

The Wawasee High School 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 overdrawn cash balances.

The ECA ending cash balance reported that three funds were overdrawn as of June 30, 2022. The Bookstore - Marine Mechanic fund, the Bookstore - Welding fund, and the Class of 2022 fund were overdrawn by \$1,714, \$4,636, and \$73, respectively. The ECA ending cash balance reported that three funds were overdrawn as of June 30, 2023. The Bookstore - Marine Mechanic fund, the Bookstore - Welding fund, and the Class of 2022 fund were overdrawn by \$1,676, \$4,581, and \$73, respectively.

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. . . ."

The cash balance of any fund may not be reduced to below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Overdrafts may not be created or exist in any fund. The extracurricular treasurer should advise the activity sponsor and student treasurer periodically, preferably monthly, of the current balance in the fund of their activity. Therefore, comparisons can be made and differences reconciled before transactions become past due or particulars are difficult to recall. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 1)

SYRACUSE ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
COMMENT

OVERDRAWN CASH BALANCES

Condition and Context

The Syracuse Elementary School 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 overdrawn cash balances.

The ECA ending cash balance reported that two funds were overdrawn as of June 30, 2022. The Credit Card Fees fund and the Textbook Rental fund were overdrawn by \$140 and \$38,764, respectively. The Textbook Rental fund was overdrawn due to the fact that for fiscal year 2021-2022, check 8384 for \$38,764 was voided due to the wrong information being written on the check. Check 3835 to the Wawasee School Corporation for the same amount was then also written. The overdrawn cash balance issue was resolved during fiscal year 2022-2023.

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. . . ."

The cash balance of any fund may not be reduced to below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Overdrafts may not be created or exist in any fund. The extracurricular treasurer should advise the sponsor and student treasurer periodically, preferably monthly, of the current balance in the fund of their activity. Therefore, comparisons can be made and differences reconciled before transactions become past due or particulars are difficult to recall. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 1)