

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION

DUBOIS COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tracy A. Troesch	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Jamie Pund	07-01-21 to 06-30-24
President of the School Board	Kent Uebelhor	07-01-21 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE SOUTHEAST DUBOIS COUNTY
SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

This report is supplemental to the audit report of the Southeast Dubois County School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 2024

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

The School Corporation had not established effective internal controls over financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's financial statement.

The School Corporation did not properly review the financial information prepared and submitted in Gateway. Although the Treasurer compiled, reviewed, and entered the School Corporation's financial information in Gateway, and the Superintendent of Schools reviewed and certified the information entered was accurate, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls the financial statement presented for audit did not properly reflect the financial activity of the School Corporation. The following errors were noted:

- The School Corporation did not report all the activity of the Self-Insurance fund. The School Corporation utilized a third-party administrator to administer the Self-Insurance fund. The administrator provided the School Corporation with a detailed reconciliation worksheet showing the trust's monthly income, expenditures, and ending cash balances. For the year ended June 30, 2023, receipts and the ending cash and investments balance were each understated by \$1,177,000.
- Eighteen additional immaterial errors, totaling \$464,876, were identified in the financial statement of the School Corporation.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report for the School Corporation.

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](#)."

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT
(Continued)

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 Indiana Public School Corporations, 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.

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. . . ."

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2024, with Tracy A. Troesch, Treasurer; Dr. Jamie Pund, Superintendent of Schools; and Kent Uebelhor, President of the School Board.