

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

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

COMPLIANCE ENGAGEMENT REPORT  
OF

FORT WAYNE COMMUNITY SCHOOLS  
EXTRACURRICULAR ACCOUNTS  
ALLEN COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**  
12/16/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3
Comments:	
North Side High School .....	4-5
Northwood Middle School.....	6-7
Towles Intermediate School .....	8-9
Official Response .....	10

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Sherry Nidlinger	07-01-21 to 06-30-25
Superintendent of Schools	Mark Daniel	07-01-21 to 06-30-25
President of the School Board	Anne Duff Maria Norman	07-01-21 to 12-31-22 01-01-23 to 06-30-25



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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE FORT WAYNE COMMUNITY SCHOOLS,  
EXTRACURRICULAR ACCOUNTS, ALLEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Fort Wayne Community 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 Maria Norman, President of the School Board; Mark Daniel, Superintendent of Schools; Rosemary Shipman, Chief Financial Officer; Kimberley Szobody, Internal Auditor; and David West, North Side High School Principal, on November 22, 2024.

Beth Kelley, CPA, CFE  
Deputy State Examiner

November 4, 2024

NORTH SIDE HIGH SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT

**TICKET SALES - PRESCRIBED FORM SA-4**

*Condition and Context*

The School Extracurricular Account (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 SA-4 Ticket Sales Form is a required prescribed form for tracking this information.

For the North Side High School ECA , five basketball games and five football games were selected for testing during the engagement. Internal controls were not in place to ensure the Ticket Sales SA-4 forms were completed properly. The recalculations of tickets sold using the first and last ticket numbers sold did not match the recorded number of tickets sold reported on the Ticket Sales SA-4 form.

*Criteria*

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)

NORTH SIDE HIGH SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT  
(Continued)

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)

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. . . ."

NORTHWOOD MIDDLE SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT

**TICKET SALES - PRESCRIBED FORM SA-4**

*Condition and Context*

The School Extracurricular Account (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 SA-4 Ticket Sales Form is a required prescribed form for tracking this information.

For the Northwood Middle School ECA, two basketball games and three football games were selected for testing during the engagement. Due to a lack of effective internal controls, there was a variance between the collections reported on the SA-4 Ticket Sales Form and the collections posted in the ECA ledger for all games selected for testing.

*Criteria*

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)

NORTHWOOD MIDDLE SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT  
(Continued)

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)

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. . . ."

TOWLES INTERMEDIATE SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT

***TICKET SALES - PRESCRIBED FORM SA-4***

*Condition and Context*

The School Extracurricular Account (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 SA-4 Ticket Sales Form is a required prescribed form for tracking this information.

For the Towles Intermediate School ECA, five basketball games were selected for testing during the engagement. Due to a lack of effective internal controls, the price of the tickets sold were not provided on the SA-4 Ticket Sales Form for one out of the five games selected for testing. As a result, a recalculation of collections using the number of tickets sold and the price per ticket could not be performed and the accuracy of the collections posted in the ECA ledger could not be verified.

In addition, due to a lack of effective internal controls, for all games selected for testing, there was a variance between the recalculated number of tickets sold using the first and last ticket numbers sold and the number of tickets sold reported on the SA-4 Ticket Sales Form.

*Criteria*

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)

TOWLES INTERMEDIATE SCHOOL  
EXTRACURRICULAR ACCOUNT  
COMMENT  
(Continued)

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)

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. . . ."



WE ARE YOUR SCHOOLS

---

FORT WAYNE COMMUNITY SCHOOLS

**OFFICIAL RESPONSE**

November 22, 2024

Mr. Paul Joyce, CPA  
State Examiner  
State Board of Accounts  
302 West Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Mr. Joyce:

Fort Wayne Community Schools responds to the comment contained in the 2021-2023 State Board of Accounts Audit Results and Comments of the FWCS ECAs. We consider the finding a serious matter and are already putting together a corrective plan. We appreciate the efforts and recommendations of the field examiner during this audit.

Rosie Shipman  
Chief Financial Officer

Kim Szobody  
Internal Auditor

*Business Office*

1200 South Clinton Street • Fort Wayne, IN 46802 • Phone: 260.467.2000 • Fax: 260.467.1981