

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

COMPLIANCE EXAMINATION REPORT

OF

EAST PORTER COUNTY SCHOOL CORPORATION

PORTER COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/26/2024



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

March 26, 2024

To: The Officials of East Porter County School Corporation
East Porter County School Corporation
Porter County, Indiana

This report is supplemental to the audit report of East Porter County School Corporation (School Corporation), for the period July 1, 2021 to June 30, 2023. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for East Porter County School Corporation prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the finding in the report on page 3.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads 'Tammy R. White'.

Tammy R. White, CPA
Deputy State Examiner

EAST PORTER COUNTY SCHOOL CORPORATION

Porter County, Indiana
July 1, 2021 to June 30, 2023

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2023-001: PREPARATION OF THE SCHOOL EXTRA-CURRICULAR ACCOUNT (ECA) REPORT ..	3
EXIT CONFERENCE	4

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF OFFICIALS
July 1, 2021 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Wendy Kulczyk	07-01-21 to 08-31-21
	Gabrielle Jaremczuck	09-01-21 to 03-31-22
	Kimberly Nieves	04-01-22 to 06-30-23
Superintendent of Schools	Dr. Aaron Case	07-01-21 to 06-30-23
President of the School Board	Richard McSparin	07-01-21 to 12-31-21
	Steve Lesko	01-01-22 to 06-30-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the East Porter County School Corporation

We have examined the East Porter County School Corporation's ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2021 to June 30, 2023. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2021 to June 30, 2023, as described in item 2023-001 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period July 1, 2021 to June 30, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
February 23, 2024

EAST PORTER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2021 to June 30, 2023

FINDING 2023-001: PREPARATION OF THE SCHOOL EXTRA-CURRICULAR ACCOUNT (ECA) REPORT

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, "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 municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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.*"

Condition: During testing of the ECA report submitted for FY23, we noted receipts and disbursements were overstated by approximately \$2.3M. The error was due to a receipt for \$2,350 being incorrectly entered as \$2,302,023 in the report. Instead of revering the entry, the School Corporation posted a disbursement for the same amount which inflated disbursements by the same amount. The ending cash balance was materially correct.

EAST PORTER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE
July 1, 2021 to June 30, 2023

The contents of this report were discussed on February 22, 2024 with Kimberly Nieves, Director of Business Affairs & HR, Aaron Case, Superintendent, and Steve Lesko, Board President.