

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PLYMOUTH COMMUNITY SCHOOL CORPORATION

MARSHALL COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/19/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kandi Tinkey	07-01-21 to 12-31-22
	Valerie Moore	01-01-23 to 05-25-23
	(Vacant)	05-26-23 to 08-14-23
	Steven Boyer	08-15-23 to 06-30-24
Superintendent of Schools	Andrew Hartley	07-01-21 to 07-02-21
	Diane Woodworth (interim)	07-03-21 to 08-31-21
	Mitch Mawhorter	09-01-21 to 06-30-24
President of the School Board	Melissa Christiansen	07-01-21 to 12-31-22
	Allison Shook	01-01-23 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PLYMOUTH COMMUNITY SCHOOL
CORPORATION, MARSHALL COUNTY, INDIANA

This report is supplemental to the audit report of the Plymouth Community 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 5, 2024

PLYMOUTH COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The AFR is the source of the financial statement and Other Information schedules presented in the Financial Statement Audit Report for the School Corporation and the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Audit Report for the School Corporation. Although one employee prepared and entered the information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow for correction of the following errors prior to submission.

Due to the lack of effective internal controls, the AFR included the following errors:

Financial Data

Due to the lack of effective internal controls, the financial statement presented for audit contained errors in receipts and disbursements. The errors were a result of the School Corporation incorrectly reporting investment activity during the audit period. As such, receipts and disbursements were each overstated by \$10,000,000 and \$19,000,000 as of June 30, 2022 and 2023, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement and the Combining Schedules 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.

Grant Information

- The Child Nutrition Cluster expenditures were understated by \$141,793 and \$27,707 for fiscal years 2021-2022 and 2022-2023, respectively.
- The Special Education Cluster (IDEA) expenditures were overstated by \$79,899 and \$36,429 for 2021-2022 and 2022-2023, respectively.
- Several additional grants had errors that resulted in a total misstatement of expenditures of \$52,115 and \$125,996 for 2021-2022 and 2022-2023, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance 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 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](#)."

PLYMOUTH COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The Prepaid School Lunch Accounts fund was not reconciled to the detail of individual meal accounts subsidiary ledger. The balance of the Prepaid School Lunch Accounts fund as of June 30, 2022, was \$32,456, while the detail of individual meal accounts subsidiary ledger was \$20,634. The Prepaid School Lunch Accounts fund balance as of June 30, 2023, was \$11,292, while the detail of individual meal accounts subsidiary ledger was \$18,372.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PLYMOUTH COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

SBOA opinion is that money a student puts into their individual meal account (prepaid food account) should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in the School Lunch fund. It is required that you set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, you should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

AVERAGE DAILY MEMBERSHIP (ADM)

Condition and Context

The School Corporation did not retain, and, therefore, could not provide documentation that the building level officials had written certifications detailing the Average Daily Membership (ADM) counts or other enrollment documentation to verify the ADM counts claimed for any of the four ADM count dates for the audit period.

Additionally, the School Corporation incorrectly reported virtual students in the 2021-2022 school year; however, the School Corporation did not operate a virtual program and should not have reported any virtual students. There were six students incorrectly reported as virtual in the September 2021 count and two students incorrectly reported as virtual in the February 2022 count.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PLYMOUTH COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

DISCLOSURE OF RELATED-PARTY TRANSACTION

Condition and Context

Allison Shook (Shook) has been a member of the School Board since June 2019. Shook has served in the capacity of President of the School Board since January 2023. In April 2022, Shook began employment at Marshall County Lifetime Learning Network (Lifetime Learning) where she currently serves as Executive Director. Shook receives paid compensation as a member of the School Board and as Executive Director of Lifetime Learning. Lifetime Learning is an entity that is maintained and supported by funds received by the School Corporation.

Based upon the circumstances, the Indiana State Board of Accounts would have expected to receive a conflict of interest disclosure for this related-party transaction. There was not one on file during the audit period that covered this matter.

Shook did not complete or file a conflict of interest statement with the Indiana State Board of Accounts on the Indiana Gateway for Government Units financial reporting system for 2022 or 2023. The first conflict of interest disclosure on file for Shook, which identified Lifetime Learning as her "employer," was dated January 9, 2024.

Criteria

Indiana Code 35-44.1-1-4(d) states:

"A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; and

PLYMOUTH COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (7) contain, if the public servant is appointed, the written approval of the elected public servant (if any) or the board of trustees of a state supported college or university (if any) that appointed the public servant."

Conflict of interest disclosures must be completed on Gateway.

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

PLYMOUTH COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2024, with Steven Boyer, Treasurer; Allison Shook, President of the School Board; and Mitch Mawhorter, Superintendent of Schools.