

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION

PUTNAM COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/14/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya Pearson	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Nicole Allee Dr. Carrie Milner (interim) Dr. Dustin LeMay	07-01-21 to 06-30-23 07-01-23 to 11-26-23 11-27-23 to 06-30-24
President of the School Board	Travis Lambermont Joanie Knapp Amber Greene	07-01-21 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NORTH PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

This report is supplemental to the audit report of the North Putnam 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

February 27, 2024

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system. The other information reported by the School Corporation contained the following errors:

Leases and Debt

The reported annual lease payments due within one year was understated for the 2019 Lease Renovations lease by \$1,535,985 and overstated for the 2022 Lease Renovations lease by \$126,000 for fiscal year ending June 30, 2022.

Additionally, reported ending principal balance for the General Obligation Bond - Roachdale HVAC was overstated by \$265,000 as of June 30, 2022.

Grants

Five grants had individually immaterial errors that resulted in misstatements of expenditures of \$188,995, in total for the fiscal year ending June 30, 2022.

Three grants had individually immaterial errors that resulted in misstatements of expenditures of \$91,938, in total for the fiscal year ending June 30, 2023.

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards 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 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](#)."

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:

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

"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. . . ."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation did not follow its own enrollment policy and ensure that proof of residency documentation and other required enrollment documents were retained for all students reported in its Average Daily Membership counts submitted to the Indiana Department of Education throughout the audit period. In addition, the enrollment policy provided did not indicate what documents qualify to prove Indiana residency. We conducted tests of both the School Corporation's in-person (Brick & Mortar) students and its Virtual program (Virtual) students.

Brick and Mortar

Of the 28 students selected for testing, the School Corporation was unable to provide proof of Indiana residency documentation for 21 students and copies of student birth certificates and school enrollment application forms for 2 students.

Virtual

Of the 29 students selected for testing, the School Corporation was unable to provide proof of Indiana residency documentation for 28 students, copies of student birth certificates for 6 students, enrollment application forms for 5 students, and attendance records for 3 students.

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."

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2024, with Tanya Pearson, Treasurer; Dr. Dustin LeMay, Superintendent of Schools; and Amber Greene, President of the School Board.