

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

TRI-TOWNSHIP CONSOLIDATED
SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA

July 1, 2014 to June 30, 2017



FILED
06/29/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judy Roslansky	07-01-14 to 06-30-18
Superintendent of Schools	Tim Somers	07-01-14 to 06-30-18
President of the School Board	Tim Guse	07-01-14 to 06-30-18



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TO: THE OFFICIALS OF THE TRI-TOWNSHIP CONSOLIDATED
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the Tri-Township Consolidated School Corporation (School Corporation), for the period from July 1, 2014 to June 30, 2017. 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 our Financial Statements Audit Report of the School Corporation, which provides our opinions 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 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.

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

June 5, 2018

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

There were deficiencies in the internal control system of the School Corporation related to financial transactions. The lack of internal controls was a systemic issue throughout the audit period.

The School Corporation had not separated incompatible activities related to cash and investments and receipts. A separation of duties for each of these areas had not been designed or implemented to prevent, or detect and correct, errors.

Cash and Investments: The Treasurer performed the monthly bank reconcilements without an oversight or review process. The School Corporation had Certificates of Deposits (CDs) that were not recorded in the financial system, nor included in the monthly bank reconcilements. The CDs were reported as investments to the Indiana Department of Education as part of the School Corporation's semiannual Financial Activity Report (School Form 9), which included the financial activity of all funds and was the basis for the financial statements.

Receipts: The Treasurer issued and recorded receipts after the collections were deposited, not at the time of the actual transaction. In addition, the School Corporation's financial system allowed receipts to be backdated to agree with the deposit date.

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. . . .

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

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. . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

OVERDRAWN CASH BALANCES

A similar comment appeared in the prior Report B45813, entitled *OVERDRAWN CASH BALANCE*.

The financial statements presented in the Financial Statements Audit Report included the following funds with overdrawn cash balances at June 30, 2015, 2016, and 2017:

Fund	Amount Overdrawn as of June 30,		
	2015	2016	2017
Child Care Program	\$ -	\$ 3,754	\$ 306
Miscellaneous Programs	1,084	1,084	1,084
Payroll Clearing	-	2,429	13,121

Funds with overdrawn cash balances as a result of grant expenditures awaiting reimbursement were not included in the list above.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION

Tim Somers, Superintendent

Judy Roslansky, Treasurer

Dara Guse, Deputy Treasurer

P.O. Box 249

Wanatah, IN 46390

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OFFICIAL RESPONSE

06/14/2018

1. INTERNAL CONTROLS

A review process has been established in reference to monthly bank reconcilements. All Certificates of Deposit (CD's) are now recorded in the financial system and are included in our monthly bank reconcilements. Receipts transactions will be recorded at the time of the actual transaction. In an effort to comply with Indiana Code 5-11-1-27 (e), procedures have been established insuring the corporation is in compliance with the above referenced code. These procedures include, but are not limited to, a review and sign off of documentation by corporation treasurer, deputy treasurer and Superintendent. A segregation of duties is in place which will insure compliance is taking place.

2. OVERDRAWN CASH BALANCES

On a monthly basis the corporation treasurer will review fund balances to verify no funds have an overdrawn cash balance. Corrective measures will be taken if any fund is found to be overdrawn. The deputy treasurer will also review fund balances as a back up to the treasurer. In addition to the treasurer and deputy treasurer the Superintendent will verify funds are not overdrawn.

Signed: 
Judith Roslansky, Treasurer

Signed: 
Tim Somers, Superintendent

TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2018, with Judy Roslansky, Treasurer; Tim Somers, Superintendent of Schools; Tim Guse, President of the School Board; and Dara Guse, Deputy Treasurer.