

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

COMPLIANCE REPORT
OF
INDIANA VIRTUAL ACADEMY
RIPLEY COUNTY, INDIANA
July 1, 2011 to June 30, 2017



FILED
01/04/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deb Tompkins	07-01-11 to 06-30-13
	Trina Huff	07-01-13 to 06-30-14
	Todd Nobbe	07-01-14 to 06-30-18
Secretary	John Mehrle	07-01-11 to 06-30-12
	Rob Moorhead	07-01-12 to 06-30-14
	Paul Ketcham	07-01-14 to 06-30-18
President of the School Board	Bill Narwold	07-01-11 to 06-30-12
	Leeanna Phillippe	07-01-12 to 06-30-14
	Rob Moorhead	07-01-14 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE INDIANA VIRTUAL ACADEMY, RIPLEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Indiana Virtual Academy (School Corporation), Ripley County, for the period of July 1, 2011 to June 30, 2017, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of non-compliance 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.

The Schedule of Cash and Investment Balances, as listed in the Table of Contents, is presented as other information. It has not been subjected to any auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 3, 2018

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OTHER INFORMATION - UNAUDITED

The School Corporation's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the School Corporation's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

INDIANA VIRTUAL ACADEMY
STATEMENT OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

<u>Fund</u>	<u>Cash and Investments 06-30-17</u>
General	<u>\$ 197,130</u>
Total	<u><u>\$ 197,130</u></u>

INDIANA VIRTUAL ACADEMY
RESULTS AND COMMENTS

CONDITION OF RECORDS

Disbursement records presented for review were incomplete. The records presented did not provide sufficient information to examine or establish the accuracy or correctness of the transactions as described below:

1. One of the disbursements tested during the review did not have sufficient supporting documentation attached to the accounts payable voucher.
2. Three of the disbursements tested during the review period did not have an accounts payable voucher and did not appear in the School Corporation's ledger. These transactions could be traced to the School Corporation's bank statements, providing an amount to be examined.
3. Three of the disbursements tested during the review period did not have an accounts payable voucher, the transaction did not appear in the School Corporation's records, and the transaction could not be traced to the School Corporation's bank statements. No documentation of void transactions were found.
4. Six of the disbursements tested during the review period did not have accounts payable vouchers and supporting documentation for the transactions. The transactions appeared in the School Corporation's ledger and were traced to the School Corporation's bank statements, confirming the ledger amount.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-11-10-2(d) states:

"The form prescribed under this section shall be prepared by or filed with the disbursing office of the political subdivision, together with:

- (1) The supporting claims if payment is made under section 1 of this chapter; or
- (2) The supporting invoices or bills if payment is made under section 1.6 of this chapter.

INDIANA VIRTUAL ACADEMY
RESULTS AND COMMENTS
(Continued)

All such documents shall be carefully preserved by the disbursing officer as part of the official records of the office."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Schools, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Schools, Chapter 1)

SUPPORTING DOCUMENTATION

Sufficient supporting documentation was not provided during the compliance engagement of the School Corporation. Supporting documentation requested, but not provided, were the following:

- Bank Statements subsequent to June 30, 2017.
- Bank statements as of June 30, 2011, June 30, 2012, June 30, 2013, and June 30, 2014.
- School Corporation ledgers supporting beginning and ending cash and investment for the engagement period.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

Monthly cash and investment reconcilements were not evident for the School Corporation until fiscal year 2015. During the engagement period July 1, 2010 to June 30, 2017, there was no evidence that monthly reconcilements were performed for 2011, 2012, 2013, and 2014. The four years in which no monthly reconcilements were performed could not be reconciled to the School Corporation's records with the documentation provided during the engagement. The School Corporation did materially reconcile for 2015, 2016, and 2017. As of June 30, 2017, the bank reconciliation variance was \$369.32.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ADOPTION OF INTERNAL CONTROL STANDARDS

The School Corporation had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

INDIANA VIRTUAL ACADEMY
RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

The School Corporation's employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the School Corporation, had not received training over internal control standards developed or approved by the Indiana State Board of Accounts.

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The School Corporation certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the School Corporation; however, during the engagement, the Treasurer indicated that the School Corporation had not adopted the minimum internal control standards and that all personnel had not received training concerning the internal control standards.

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7."

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](#)."

INDIANA VIRTUAL ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Todd Nobbe, Treasurer.