

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

SPECIAL COMPLIANCE REPORT  
OF

NAPPANEE ELEMENTARY SCHOOL  
WA-NEE COMMUNITY SCHOOLS  
ELKHART COUNTY, INDIANA

July 1, 2015 to June 30, 2018



**FILED**  
06/11/2019



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**STATE OF INDIANA**  
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TO: THE OFFICIALS OF WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

This is a special compliance report for Wa-Nee Community Schools (School Corporation), for the period July 1, 2015 to June 30, 2018, and is in addition to any other report for the School Corporation as required under Indiana Code 5-11-1. All reports pertaining to the School Corporation may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with disbursements reimbursed to the Extracurricular Treasurer, all disbursements from the 2017-2018 school year, and the staff activity fund collections for rentals and concession funds from the Nappanee Elementary School. The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 22, 2019

NAPPANEE ELEMENTARY SCHOOL  
WA-NEE COMMUNITY SCHOOLS  
RESULTS AND COMMENTS

**PERSONAL EXPENSES**

During the 2015-2016 and 2016-2017 school years, Nappanee Elementary School (School) paid for pizza in the amounts of \$53 and \$70, respectively. No invoices or supporting documentation was attached to the purchase order to support the disbursements. Subsequently, the former Treasurer, Deanna Innes (Innes), was reimbursed \$53 and \$70 for pizza. The pizza receipts were attached to the purchase orders to support the disbursement. The dates on the receipts were the same dates as the checks that were written for the pizza.

We determined that Innes reimbursed herself \$123 for pizza that had already been paid directly to the vendor. Innes did not reimburse the School for the cost of the pizza.

In addition, a digital camera was purchased on November 29, 2017, for \$159.43, out of the Staff Activity Fund. After investigation by the School, the digital camera was not found at the School. On January 16, 2019, Innes reimbursed the Staff Activity Fund \$160 for the cost of the digital camera.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

**SUPPORTING DOCUMENTATION**

For the 2017-2018 school year, we observed there were five payments totaling \$531.81 that did not provide adequate supporting documentation such as receipts, invoices, and other public records. Due to lack of supporting documentation, the validity and accountability for these monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Extra-Curricular Accounts, Chapter 7)

**STAFF ACTIVITY FUND**

*Social Dues*

The School collected social dues from staff members; however, receipts were not issued to support the collections received. Furthermore, collections were retained in a Petty Cash fund. Records were not properly maintained to support the cash receipt and disbursement activity of the Petty Cash fund.

NAPPANEE ELEMENTARY SCHOOL  
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*Concessions*

For the 2016-2017 school year, the School deposited \$2,005.02 for basketball concessions into the Staff Activity Fund. School employees purchased food for the concession stand, sold concessions, and deposited monies into the Staff Activity Fund.

*Rental*

The School collected \$1,300 for rental of a scoreboard, clock, sound system, and speakers. The rental for this equipment was retained in the Staff Activity Fund. The collections were not remitted to the School Corporation.

The School was unable to locate the rental agreement with the organization that rented the gym and related equipment (scoreboard, clock, sound system, and speakers) for a basketball league.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). Naturally, we would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.). (The School Bulletin and Uniform Compliance Guidelines, March 2011)

NAPPANEE ELEMENTARY SCHOOL  
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(Continued)

Extra-curricular activities are defined as athletic, social or other school functions, the cost of which is not paid from public funds. These activities do not include functions conducted solely by any organization of parents and/or teachers (IC 20-41-1-7). Note that this statutory definition does not include any curricular or educational functions. All educational functions are the specific responsibility of the governing body (board of school trustees, etc.) of the school corporation acting on its behalf (IC 20-26-5- 4), including providing the facilities and equipment therefore. All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. Accounting for them should be in the general fund of the school corporation. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

***INTERNAL CONTROLS***

The School did not have oversight and segregation of duties related to collections and disbursements to prevent and detect errors, omissions, and misstatements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NAPPANEE ELEMENTARY SCHOOL  
WA-NEE COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2019, with Scot Croner, Superintendent of Schools; Don Lehman, President of the School Board; and Randi Libby, Business Manager.