

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTHEASTERN SCHOOL CORPORATION

CASS COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
06/27/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Darlene Martin Kristi Hull	07-01-15 to 06-30-18 07-01-18 to 06-30-20
Superintendent of Schools	John Sayers (interim) Dr. Tim Garland	07-01-15 to 12-31-15 01-01-16 to 06-30-20
President of the School Board	Mary Hartley Ryan Zeck Tim Johnson Matt Lewellen	01-01-15 to 12-31-15 01-01-16 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE SOUTHEASTERN SCHOOL CORPORATION, CASS COUNTY, INDIANA

This report is supplemental to our audit report of the Southeastern School Corporation (School Corporation), for the period from July 1, 2015 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 Statement Audit Report of the School Corporation, which provides our opinion 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.

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

June 26, 2019

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE, BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior reports B40067, B43352, and B46842, entitled *CASH NECESSARY TO BALANCE, BANK ACCOUNT RECONCILIATIONS*.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not properly balance. The record balance exceeded the bank balance by \$20,181 at June 30, 2017, which includes unidentified reconciling items since 2013. Also, there were additional reconciling items totaling \$9,100, involving scholarship funds that were dated during 2014 and 2015 that have been identified, but not corrected as of June 26, 2019.

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."

RECONCILIATION OF SUBSIDIARY LEDGERS

All monthly receipts from sales, as well as prepayments, could not be verified or reconciled to financial information provided for the School Lunch fund and Prepaid Lunch fund. There was no control ledger for prepaid lunches or any documents to determine if a reconciliation to the detail of individual student balances in the subsidiary ledger was performed.

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 Indiana Public School Corporations, Chapter 1)

When a student puts money into their individual meal account, it 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 money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

SOUTHEASTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2019, with Kristi Hull, Treasurer; Dr. Tim Garland, Superintendent of Schools; and Ryan Zeck, School Board member.