

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CARROLL CONSOLIDATED SCHOOL CORPORATION
CARROLL COUNTY, INDIANA
July 1, 2018 to June 30, 2020



FILED
04/20/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa Beaver	07-01-18 to 06-30-21
Superintendent of Schools	Keith Thackery	07-01-18 to 06-30-21
President of the School Board	C. David Bordner Patrick Hickner Eric Johnson	07-01-18 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-21



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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 CARROLL CONSOLIDATED SCHOOL CORPORATION, CARROLL COUNTY, INDIANA

This report is supplemental to our audit report of the Carroll Consolidated School Corporation (School Corporation), for the period from July 1, 2018 to June 30, 2020. 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 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.

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

April 12, 2021

CARROLL CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The School Corporation's food service program allowed students to prepay for meals. Individual student accounts were established to account for payments made on students' accounts. The School Corporation was unable to reconcile the Prepaid Lunch fund (8400) to the subsidiary records of the individual student accounts. Therefore, the School Corporation was unable to provide an accurate listing of the prepaid food subsidiary report showing the detail of the prepaid lunch ending balance.

Prepaid meal payments were receipted monthly into the Prepaid Lunch fund. The total amount of meals consumed were also transferred monthly out of the Prepaid Lunch fund and receipted into the School Lunch fund. However, when the total collected for the month in the Prepaid Lunch fund was less than the amount consumed, a negative receipt was then incorrectly recorded to the School Lunch fund for that difference. If the total collected for the month was more than the amount consumed, a positive receipt was incorrectly posted to the School Lunch fund for that difference. These adjustments were recorded in the first year of the audit period. The corresponding bank reconciliation was always off by this amount each month. In most instances, the receipt amount for the net difference was a negative amount. At the end of fiscal year 2018-2019, an unidentified entry of \$4,356 was recorded to the Prepaid Lunch fund to balance to the subsidiary records. Adjustments were not recorded to the funds during the second year of the audit period to reconcile. The subsidiary record balance at June 30, 2020, was \$6,781, while the Prepaid Lunch fund balance was \$1,886, resulting in an unidentified variance of \$4,895.

The School Corporation established the Prepaid Lunch fund, but the transfer from the Prepaid Lunch fund to the School Lunch fund did not agree to the amount received for meals served. When verifying meal counts for November 2019, we observed the federal reimbursement claim was resubmitted by a Child Nutrition field representative in order to change the status of some students after an Administrative Review. The transfer of the monthly amount of consumed meals from the Prepaid Lunch fund to the School Lunch fund had already been recorded based upon the original meal counts, and was, therefore, incorrect. No adjustment was subsequently made to the ledger for this.

Receipt of lunch funds presented on the monthly Financial Report (point of sale report) for September 2018 and April 2019 did not agree with the amounts receipted into the Prepaid Lunch fund. Amounts receipted into the Prepaid Lunch fund originated from bank statement deposits. Reconciliations documenting differences between receipts recorded to the Prepaid Lunch fund and receipts presented on the monthly Financial Reports created from the school lunch accounting system were not performed. A February 2020 Financial Report was requested for testing but could not be provided or reprinted when requested.

CARROLL CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

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 Fund 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 Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

COLLECTION OF AMOUNTS DUE

Condition and Context

The School Corporation allowed negative meal account balances in excess of the allowance amounts approved by School Board policy. A review of the students' individual meal account balances as of June 30, 2019, and June 30, 2020, determined there were accounts with negative balances totaling \$7,250 and \$12,145, respectively.

Criteria

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

CARROLL CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2021, with Lisa Beaver, Treasurer; Keith Thackery, Superintendent of Schools; Eric Johnson, President of the School Board; Camden Parkhurst, Business Manager; Siobhan Carey, District Manager (Chartwells); and Ellen Sipes, Food Service Director (Chartwells).