

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

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



FILED
05/11/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Troy Cloum Amy Phillips	07-01-18 to 07-14-19 07-15-19 to 06-30-21
Superintendent of Schools	Kevin Emsweller Dr. Ryan Glaze	07-01-18 to 06-30-20 07-01-20 to 06-30-21
President of the School Board	Rick Powell Gary Plumer	07-01-18 to 12-31-19 01-01-20 to 06-30-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TIPTON COMMUNITY SCHOOL
CORPORATION, TIPTON COUNTY, INDIANA

This report is supplemental to our audit report of the Tipton Community 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

May 5, 2021

TIPTON COMMUNITY 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. A Prepaid Lunch fund (8400) was established to account for the activity and cash balances related to these monies. Prepaid meal payments were receipted monthly into the Prepaid Lunch fund. The total amount of meals consumed was also transferred monthly out of the Prepaid Lunch fund and receipted into the School Lunch fund.

However, the School Corporation did not reconcile the Prepaid Lunch fund to the subsidiary records of the individual student accounts during the audit period. The School Corporation started performing reconciliements in July 2020. The School Corporation was unable to provide an accurate listing of student account balances for audit to support the Prepaid Lunch fund cash balance as of June 30, 2020.

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)

FUND SOURCES AND USES - TRANSFERS

Condition and Context

The School Corporation's internal controls policy requires that transfers that are initiated by the Corporation Treasurer are to be approved by the Superintendent of Schools. Three of eighteen transfers did not have the necessary Superintendent of Schools' approvals during our audit period, which was confirmed by the Treasurer. In addition, the transfers were not included on claim dockets for School Board approval. Therefore, appropriate approvals by either the Superintendent of Schools or School Board were not performed for the following transfers between funds:

1. \$71,252 from General fund to Coca-Cola fund during fiscal year 2018-2019.
2. \$212 from Education fund to Safe Haven 18-19 fund (3350) during 2019-2020.
3. \$53,167 from School Technology fund to State Connectivity Grant fund during 2019-2020.

TIPTON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation certified that it provided internal control training to all employees during each year of the audit period. However, documentation was not presented to show which employees completed the training for fiscal year 2018-2019 and the certification forms were not provided for either year.

Criteria

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."

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](#)."

COMPENSATION AND BENEFITS

Condition and Context

The salary and salary increase paid to the Treasurer for fiscal year 2019-2020 was not approved by the School Board. There was no documentation showing the School Board had approved her pay, only that they approved her filling the position.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

TIPTON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation was not able to provide the signed certification for its Average Daily Membership (ADM) for the September 2018 count date.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TIPTON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2021, with Amy Phillips, Treasurer; Troy Cloum, former Treasurer; Dr. Ryan Glaze, Superintendent of Schools; Gary Plumer, President of the School Board; and Amber Rodibaugh, School Board member.