B56801

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

EASTERN GREENE SCHOOLS

GREENE COUNTY, INDIANA

July 1, 2018 to June 30, 2020

FILED
05/14/2021

TABLE OF CONTENTS

Description	Page
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Contract	4
Prepaid School Meal Accounts	4-5
Training and Certification on Internal Control Standards	5
Collection of Amount Due	5-6
Failure to Report Misappropriation of Funds	6
Exit Conference	7

SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Marilyn Burch	07-01-18 to 04-30-19
	Jill Martin	05-01-19 to 12-18-20
	(Vacant)	12-19-20 to 12-31-20
	Marilyn Burch	01-01-21 to 06-30-21
Superintendent of Schools	Arthur T. Baechtold, Jr	07-01-18 to 06-30-19
	Dr. Carolyn Milner (interim)	07-01-19 to 11-03-19
	Trenton Provo	11-04-19 to 06-30-21
President of the School Board	Ron Childress	07-01-18 to 12-31-18
	Duane Long	01-01-19 to 12-31-19
	Troy Fields	01-01-20 to 12-31-20
	Scott Carmichael	01-01-21 to 02-16-21
	Matt Roberts	02-17-21 to 06-30-21

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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 EASTERN GREENE SCHOOLS, GREENE COUNTY, INDIANA

This report is supplemental to our audit report of the Eastern Greene Schools (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 11, 2021

CONTRACT

Condition and Context

The School Corporation entered into a contract with an independent contractor to provide administrative services in the interim role of Superintendent of Schools. The contract was effective June 1, 2019, with a termination date to be set by the School Board.

The following issues were noted**:**

(1) Payment of $600 was made for services on May 31, 2019, which was one day prior to the effective date of the contract. On that day, the interim Superintendent of Schools met with the Superintendent of Schools to ensure a smooth transition, which is a recognized administrative service under the contract.

(2) Payments of $200 per meeting (for a total of $1,400) were made for attendance at School Board meetings. A provision for attendance at School Board meetings was not included in the contract; however, the School Board retroactively approved this provision during the regularly scheduled School Board meeting on May 10, 2021. The length of a service day was not specified in the contract. There is no way to determine what time period the daily rate of $600 was intended to cover (i.e., a 24-hour period, the length of one school day, a standard 8 hour work-day, etc.).

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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 statute. Compensation should be made 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)

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The Prepaid Food Trust fund (clearing account) balance was not in agreement with the detailed students' individual account subsidiary record balance. The clearing account balance was $1,573 greater than the subsidiary balance at 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)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation failed to ensure that training was provided for all applicable personnel over the internal control standards adopted as required by Indiana Code 5-11-1-27(g). The School Corporation incorrectly certified, in the Indiana Gateway for Government Units financial reporting system, that the applicable personnel had received training regarding internal control standards.

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."

COLLECTION OF AMOUNT DUE

Condition and Context

The May 2019 payment for state payroll withholdings, in the amount of $22,400, was paid twice resulting in a negative fund balance of the Payroll Withholdings fund at June 30, 2020. The former Treasurer did not pursue collection of the amount over paid; however, the current Treasurer has requested a refund.

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).

FAILURE TO REPORT MISAPPROPRIATION OF FUNDS

Condition and Context

The School Corporation failed to report misappropriation of funds for daycare fees of Early Learning Center/Kid Zone. This was investigated by the school's resource officer, and a police report was filed.

Criteria

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

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

EASTERN GREENE SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 11, 2021, with Marilyn Burch, Treasurer; Trenton Provo, Superintendent of Schools; Scott Carmichael, School Board member; and Sharon Abts, School Board member.