



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 17, 2022

To: The Officials of Southern Wells Community Schools
Southern Wells Community Schools
RR 1
Poneto, IN 46781

This report is supplemental to the audit report of Southern Wells Community Schools (the School Corporation), for the period July 1, 2018 to June 30, 2020. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Southern Wells Community Schools prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**COMPLIANCE EXAMINATION OF
SOUTHERN WELLS COMMUNITY SCHOOLS**

Wells County, Indiana
July 1, 2018 to June 30, 2020

SOUTHERN WELLS COMMUNITY SCHOOLS

Wells County, Indiana
July 1, 2018 to June 30, 2020

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SOUTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF OFFICIALS
July 1, 2018 to June 30, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vicki Andrews	07-01-18 to 03-31-19
	Lora J. Warner	04-01-19 to 06-30-20
Superintendent of Schools	Steve W. Darnell	07-01-18 to 06-30-20
President of the School Board	Aaron J. Westfall	07-01-18 to 06-30-20

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Southern Wells Community Schools

We have examined the Southern Wells Community Schools ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period July 1, 2018 to June 30, 2020. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period July 1, 2018 to June 30, 2020, as described in items 2020-001 and 2020-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period July 1, 2018 to June 30, 2020.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
February 9, 2022

SOUTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2018 to June 30, 2020

FINDING 2020-001: BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations states in part, *“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.”*

Condition: During testing, we noted the School Corporation did not have a written policy concerning the procedure for writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance

FINDING 2020-002: INTERNAL CONTROLS

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: *“Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. .There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. .*

Condition: During testing, we noted that the school corporation did not meet the minimum standards of internal control. Specifically, the school corporation did not have a written policy in place explaining how the school corporation meets the minimum standards of internal control.

SOUTHERN WELLS COMMUNITY SCHOOLS
EXIT CONFERENCE
July 1, 2018 to June 30, 2020

The contents of this report were discussed on December 10, 2021 with Dr. Brian Sloan, Superintendent, Aaron Westfall, School Board President, and Lora Warner, Treasurer.