

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTHEAST FOUNTAIN SCHOOL CORPORATION
FOUNTAIN COUNTY, INDIANA
July 1, 2019 to June 30, 2021



FILED

05/10/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia C. Alward	07-01-19 to 12-31-22
Superintendent of Schools	Dan L. Foster Dawn Puckett (interim) Dr. Tania Grimes	07-01-19 to 09-03-20 09-04-20 to 12-31-20 01-01-21 to 06-30-22
President of the School Board	Donna J. Deel Jeff Fishero Crystal Brewer Scott Minick	01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTHEAST FOUNTAIN SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

This report is supplemental to our audit report of the Southeast Fountain School Corporation (School Corporation), for the period from July 1, 2019 to June 30, 2021. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 26, 2022

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to payroll disbursements and average daily membership.

Payroll Disbursements

The School Corporation had implemented internal controls over payroll disbursements; however, the internal controls were not consistently applied during the audit period. During our testing of internal controls, there was an instance when the payroll was not reviewed and approved by another individual.

Average Daily Membership

The School Corporation had implemented internal controls over average daily membership; however, the internal controls were not consistently applied during the audit period.

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, *Uniform Internal Control Standards for Indiana Political Subdivisions*. 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. . . ."

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

Average Daily Membership (ADM) listings presented by the School Corporation did not show that the building level officials had certified the ADM count for February 2020, September 2020, and February 2021.

Additionally, a certified copy of the ADM report for the February 2020 count date was not presented for audit. A listing should have been prepared, and certified by the building level official, Treasurer, and Superintendent of Schools.

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)

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2022, with Dr. Tania Grimes, Superintendent of Schools; Scott Minick, President of the School Board; Kim D. Sowers, Vice President of the School Board; Cynthia C. Alward, Treasurer; Chelsey Campbell, Deputy Treasurer; and Lindsay Good, Curriculum Coordinator.