

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH NEWTON SCHOOL CORPORATION

NEWTON COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED

05/11/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marci Hall	07-01-19 to 12-31-22
Superintendent of Schools	Casey Hall	07-01-19 to 12-31-22
President of the School Board	Amanda Berenda	07-01-19 to 12-31-22



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 SOUTH NEWTON SCHOOL
CORPORATION, NEWTON COUNTY, INDIANA

This report is supplemental to our audit report of the South Newton 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

May 3, 2022

SOUTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM)

Condition and Context

The School Corporation did not have a policy in place listing the enrollment documents required to be maintained on file for each student.

On August 27, 2020, the Indiana Department of Education (IDOE) issued a memo providing written guidance for verification of Indiana residency as it relates to reporting a student for membership. The guidance provided stated:

- "• School corporations and charter schools must maintain proof of Indiana residency for each student in the student's electronic or hard copy file.
- Proof of residency must be filed for each student for whom the school corporation or charter school counts for membership. . . .
- Proof of residency must be on hand for each student prior to the student being claimed on the fall and/or spring membership count dates. . . ."

The School Corporation was required to submit a Report of Average Daily Membership (ADM) to the IDOE twice per year, in September and February.

The School Corporation did not provide documentation of the proof of Indiana residency for the September 2020 or February 2021 count dates. Thus, we were unable to verify that only eligible students that lived in Indiana were listed on the ADM reported to the IDOE for tuition support payments.

On August 23, 2021, the School Corporation adopted Policy 6250 - Required ADM Counts for the Purpose of State Funding and Verification of Residency for Membership which lists the enrolled documents required to be provided for proof of residency.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SOUTH NEWTON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

Monthly reconciliements of all the student's individual meal account balances to the Prepaid School Lunch Accounts fund (clearing account) were not performed. A summary or detailed listing of student balances was not provided since the student meal system does not allow the information to be accessed historically and a student balances report was not generated at the end of each month as required.

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)

SOUTH NEWTON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2022, with Casey Hall, Superintendent of Schools; Marci Hall, Treasurer; and Amanda Berenda, President of the School Board.