

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ELKHART COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2019 to June 30, 2021



FILED
06/21/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kevin E. Scott	07-01-19 to 06-30-22
Superintendent of Schools	Dr. Steven W. Thalheimer	07-01-19 to 06-30-22
President of the School Board	Douglas K. Weaver Kellie L. Mullins Roscoe L. Enfield, Jr. Dacey S. Davis	07-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 06-30-22



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TO: THE OFFICIALS OF THE ELKHART COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

This report is supplemental to our audit report of the Elkhart Community Schools (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 25, 2022

ELKHART COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

SCHOOL LUNCH - TIMELY RECORDING AND PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

Timely Recording

Each school made daily bank deposits into the School Corporation's food service bank account for school lunch collections. However, the School Corporation did not receipt the school lunch collections timely into the School Corporation's accounting system. Collections were recorded to the ledger a month or more after initial deposit.

Prepaid School Meal Accounts

The School Corporation prepared monthly reconciliations of the Prepaid School Lunch fund to the individual student's meal accounts beginning in March 2020. Immaterial variances, which fluctuated from month to month, were noted on each monthly reconciliation.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

ELKHART COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation did not have adequate records for 40 of 81 students tested to determine whether the students were properly enrolled and reported correctly for the Average Daily Membership (ADM) requirement.

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)



BUSINESS OFFICE

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ELKHART COMMUNITY SCHOOLS

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OFFICIAL RESPONSE

Date: 5/25/2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Response to Audit Results & Comments

School Lunch- Timely Recording and Prepaid School Meal Accounts

The district agrees with the finding, and has been diligently working to address and rectify the discrepancy. Enhanced software has been integrated into financial operations, with enriched features to support accurate reporting. Additionally, the district has been in constant pursuits to fully staff the Food Service program. Staffing shortages have resulted in Food Service office staff working onsite at school buildings to ensure students of the district receive vital meals.

Average Daily Membership (ADM) – Lack of Records

The district agrees with the finding and is working diligently to address and align operations to fulfill the compliance requirement. With implemented operational enhancements, the district looks to ensure accountability of required record retainage.

Kevin Scott
Chief Financial Officer

ELKHART COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2022, with Kevin E. Scott, Treasurer; Erica M. Purvis, Controller; Valerie Moore, Supervisor of Accounting, Audits, and Investments; Dr. Steven W. Thalheimer, Superintendent of Schools; and Anne VonDerVellen, School Board member.