

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SILVER CREEK SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2020 to June 30, 2021



FILED
06/22/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Thomas R. Brillhart (Vacant) Todd Balmer	07-01-20 to 07-31-21 08-01-21 to 09-19-21 09-20-21 to 06-30-22
Superintendent of Schools	Clemen Perez-Lloyd Dr. Thomas R. Brillhart (interim) Dr. Chad Briggs	07-01-20 to 12-31-20 01-01-21 to 06-30-21 07-01-21 to 06-30-22
President of the School Board	Doug Coffman Chris Rountree	07-01-20 to 12-31-20 01-01-21 to 06-30-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SILVER CREEK SCHOOL CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Silver Creek School Corporation (School Corporation), for the period from July 1, 2020 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

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

Condition and Context

The School Corporation established internal controls over financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. The Deputy Treasurer entered the financial information into Gateway and the Treasurer reviewed and certified the information. However, there was no evidence presented for audit of the Treasurer's review to ensure that the information was accurate prior to submission.

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. . . ."

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The School Corporation did not perform monthly reconciliations of the Prepaid Lunch fund to the detailed subsidiary records of the student accounts.

SILVER CREEK SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

CAPITAL ASSETS

Condition and Context

The School Corporation adopted a capital assets policy; however, they did not maintain a detailed listing of its capital assets. A physical inventory had not taken place due to the School Corporation only being in existence for one year.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

INTERNAL CONTROLS OVER EXTRA-CURRICULAR ACCOUNT - SILVER CREEK HIGH SCHOOL

Condition and Context

There were deficiencies in the internal control system for the Silver Creek High School Extra-Curricular Account (ECA) related to the handling of textbook rental collections. The ECA had not separated incompatible activities related to receipts. The Silver Creek High School ECA Treasurer was collecting, recording, and depositing all textbook rental receipts.

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:

SILVER CREEK SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

"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.

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OVERDRAWN CASH BALANCES

Condition and Context

The financial statement includes the following funds with overdrawn cash and investments balances as of June 30, 2021:

Fund	Amount Overdrawn
School Lunch Program	\$ 28,371
Self-Insurance	11,237
Interlocal Special Ed Services	4,214,381
2019/20 Nesp Grant	2,343
Teacher Appreciation Grant	16,037
Title I Fy20	189,186
Special Ed Part B 611 Fy19	633,852
Part B 619 Fy19	39,835
Title IV Fy19	28,977
Title II Part A Ffy 2018 84.367A	38,051
Title III Merged Materials	12,515
ESSER II	11,467
Geerf	9,351
Cares Act-Fed Stability Relief	82,172
Prepaid Lunch	1,684

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible to be overdrawn for a short period of time. (Accounting and Uniform Guidance Manual for Indiana Public School Corporations, Chapter 1)

SILVER CREEK SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2022, with Todd Balmer, Treasurer; Becky Arnold, Deputy Treasurer; Dr. Chad Briggs, Superintendent of Schools; Dr. Albert Eckert, Silver Creek High School Principal; Debbie Yeker, Silver Creek High School ECA Treasurer; Alison Vanover, former Silver Creek High School ECA Treasurer; and Chris Rountree, President of the School Board.