

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
PUTNAM COUNTY, INDIANA
July 1, 2019 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	Hilarie Logan	07-01-19 to 06-30-22
Superintendent of Schools	Bruce D. Bernhardt Corey Smith	07-01-19 to 06-30-21 07-01-21 to 06-30-22
President of the School Board	Hollie Hutcheson Craig Newby Hollie Hutcheson	07-01-19 to 12-30-20 01-01-21 to 12-31-21 01-01-22 to 06-30-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTH PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the South Putnam Community 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

June 9, 2022

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INDIANA SECURED SCHOOLS SAFETY GRANT

Condition and Context

The Indiana Secured Schools Safety Grant reimbursement of \$46,377 was incorrectly recorded as a receipt in the Curricular Materials Rental fund on March 20, 2020, and was disbursed on May 18, 2020, to the textbook rental Extracurricular Accounts (ECA accounts) maintained by Fillmore Elementary, Central Elementary, South Putnam Middle/High School, and the Area 30 Career Center.

A transfer of \$34,279 was made in fiscal year 2020-2021 from the TBR - Corporation fund to the Local Rainy Day fund in an attempt to correct the issue, but the amount transferred was not correct.

A separate fund should have been created to record the grant activity. It is recommended that the School Corporation seek reimbursement from the ECA accounts and Area 30 Career Center.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

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)

PREPAID SCHOOL MEAL ACCOUNTS

The same comment also appeared in prior Report B54525.

Condition and Context

Reconcilements between the School Lunch program subsidiary ledger and the control account Prepaid Lunch fund (Fund 8400) on the School Corporation's ledger were not performed during the audit period. Monthly transfers were made from the Prepaid Lunch fund to the School Lunch fund (Fund 800), but the transfers did not agree to the monthly sales report receipt amounts. The Treasurer transferred only the amount needed to balance the Prepaid Lunch fund to the detailed student account balances. In addition, the detailed student account reports for fiscal year 2019-2020 were not retained for audit.

SOUTH PUTNAM COMMUNITY 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)

INTERFUND TRANSFERS

Condition and Context

None of the interfund transfers from the Education fund to the Operations fund were approved by the School Board.

Criteria

Indiana Code 20-40-2-6(b) states in part:

"Only after the transfer is authorized by the governing body in a public meeting with public notice, money in the education fund may be transferred to the operations fund to cover expenditures that are not allocated to student instruction and learning under [IC 20-42.5](#). . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the School Corporation, who were hired after 2018, had not received training over internal control standards.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation incorrectly certified in the Indiana Gateway for Government Units financial reporting system, that required personnel had received training regarding internal control standards.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

AVERAGE DAILY MEMBERSHIP (ADM)

Condition and Context

There was no documentation on file, for 1 of 28 students selected for testing, to determine if the student was 5 years old on or before August 1, 2020.

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)

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2022, with Corey Smith, Superintendent of Schools; Hilarie Logan, Treasurer; Hollie Hutcheson, President of the School Board; Lori Boyce, Food Service Director; and Terri Beasley, Business/Operations Coordinator.