

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TIPPECANOE SCHOOL CORPORATION

TIPPECANOE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

03/17/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Amanda Brackett	07-01-20 to 06-30-23
Superintendent of Schools	Dr. Scott Hanback	07-01-20 to 06-30-23
President of the School Board	Dr. Patrick Hein Brian DeFreese	07-01-20 to 12-31-21 01-01-22 to 06-30-23



STATE OF INDIANA
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TO: THE OFFICIALS OF THE TIPPECANOE SCHOOL
CORPORATION, TIPPECANOE COUNTY, INDIANA

This report is supplemental to our audit report of the Tippecanoe School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2022. 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 Statements Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statements. 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

February 28, 2023

TIPPECANOE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

Condition and Context

The Prepaid Meals (clearing account) balance was not in agreement with the detailed students' individual account subsidiary record balance. The clearing account was \$29,229 lower than the subsidiary records on June 30, 2021, and \$41,790 higher than the subsidiary records on June 30, 2022. No documentation of an attempt to balance these two sources was presented for audit.

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)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B56787, entitled *2020-001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*.

Condition and Context

The School Corporation had not established effective internal controls over the federal grant information entered into Annual Financial Report through the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

Although one employee prepared and entered the federal award information into Gateway, another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included errors totaling \$5,075,453.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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](#)."



Tippecanoe School Corporation
21 Elston Road
Lafayette, Indiana 47909-2899

OFFICIAL RESPONSE

March 10, 2023

Indiana State Board of Accounts
302 W. Washington Street
Indianapolis, IN 46207

Please accept this letter as the official response to become part of the final audit report for the Tippecanoe School Corporation for the period of July 1, 2020 – June 30, 2022.

The Audit Results and Comments entitled ANNUAL FINANCIAL REPORT relate to how the Schedule of Expenditures for Federal Awards (SEFA) is prepared and the establishment of adequate internal controls. Our district presented audit errors totaling \$5,075,453 due to ineffective internal controls.

I acknowledge that there were errors on our SEFA totaling the above dollar amount. However, I'm afraid I have to disagree that this was due to ineffective internal controls. My office has initiated controls to verify the accuracy of all information inputted on the SEFA. We have three people review the information before submitting the final report, which is due by the end of July of each year. The errors noted are due to the miscommunication from the IN Dept of Education – specifically the Child Nutrition division. We erroneously reported reimbursements during the pandemic as School Lunch and Breakfast instead of the Summer Food Program. We received the receipts from the department for Breakfast and Lunch. Therefore that is how we recorded these funds. We also entered an incorrect amount for commodities on our SEFA. Unfortunately, we received this amount from the state's CNP website, unbeknownst that it was the wrong amount, and the state changed the totals after the submission date of our SEFA. The final issue is that we over-reported a reimbursement for Special Education. We received, in error by the Dept of Education, a reimbursement that our Special Education cooperative should have received. We reported this as a receipt and an expenditure (we returned it to the state). We reported this amount to comply with reporting all federal spending and should not have.

As for the remainder of the Audit Results and Comments, I concur with the findings and will make every effort to rectify these issues.

As always, our audit field staff were highly professional and helpful. Thank you very much.

Respectfully,

Amanda Brackett
Chief Financial Officer

TIPPECANOE SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2023, with Brian DeFreese, President of the School Board; Dr. Scott Hanback, Superintendent of Schools; Amanda Brackett, Treasurer; and Karmen Redinbo, Deputy Treasurer.