

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLUE RIVER VALLEY SCHOOLS

HENRY COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED

05/22/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly Riley	07-01-12 to 06-30-15
Superintendent of Schools	Stephen K. Welsh Eric Creviston	07-01-12 to 12-31-14 01-01-15 to 06-30-15
President of the School Board	Wayne Jacobs John Cross	07-01-12 to 12-31-13 01-01-14 to 12-31-15



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TO: THE OFFICIALS OF THE BLUE RIVER VALLEY SCHOOLS, HENRY COUNTY, INDIANA

This report is supplemental to our audit report of the Blue River Valley Schools (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 8, 2015

BLUE RIVER VALLEY SCHOOLS
FEDERAL FINDING

**FINDING 2014-001 - INTERNAL CONTROLS OVER SCHOOL LUNCH
PROGRAM AND SCHOOL BREAKFAST PROGRAM**

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program and School Breakfast Program

CFDA Number: 10.555 and 10.553

Federal Award Number and Year (or Other Identifying Number): 2012-2013 and 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Allowable Activities, Allowable Costs, Eligibility, Procurement and Suspension and Debarment, Program Income, Reporting, and Special Tests and Provisions. The School Corporation has not established a policy regarding segregation of duties.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Blue River Valley School Corporation

303 South Walnut Street PO Box 217 Mount Summit, IN 47361

Eric L. Creviston
Superintendent

Telephone (765) 836-4816

FAX (765) 836-4817

April 8, 2015

Blue River Valley School Corporation
Corrective Action Plan
Audit Period 7/1/2012 to 6/30/2014

FINDING 2014-1, Internal Controls Over School Lunch Program
Contact Person: Kimberly S Riley
Anticipated Correction Date: August 1, 2015

We are a small school corporation and unable to hire enough employees to segregate duties. We will use current employees and implement steps to verify compliance.

All documentation will be kept together. A separate fund will be established for pre-pay accounts. School Board will approve food bids/vendors and large equipment purchases. Extra-curricular treasurers at the end of each month will submit expenditure/receipt reports to the cafeteria manager to review and approve.



Kimberly S Riley
Treasurer



Eric L Creviston
Superintendent

School Board Members

John Cross
Wayne Jacobs
Brian Koontz
Mysia Brown
Jon Madison

Corporation Attorney

Greg L. Crider

Central Office Staff

Beth King, Director of Federal Programs
Kim Riley, Corporation Treasurer
Stephanie Morgan, Secretary

BLUE RIVER VALLEY SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS TEXTBOOK RENTAL

Internal controls over the receipting for the financial activities of the Textbook Rental fund were insufficient. Blue River Valley High School used duplicate receipt numbers for Textbook Rental Receipts.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONTRACTS

Two individuals were paid \$6,400 and \$2,400, respectively, for wastewater treatment services. No contract for these services was approved by the Board.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PREPAID SCHOOL LUNCH ACCOUNTS

Prepaid Lunch Receipts were not placed into a Prepaid Lunch fund, but were instead accounted for as a separate line item within the School Lunch fund.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (The School Administrator, September 2008)

BLUE RIVER VALLEY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 8, 2015, with Kimberly Riley, Treasurer; John Cross, President of the School Board; and Eric Creviston, Superintendent of Schools.