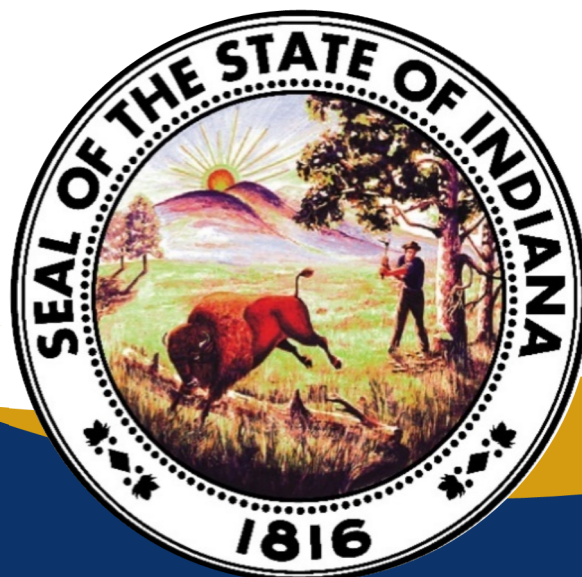


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SPENCER-OWEN COMMUNITY SCHOOLS
OWEN COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/17/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Annette Brown	07-01-22 to 06-30-25
Superintendent of Schools	Andy Cline	07-01-22 to 06-30-25
President of the School Board	Chad Cooper Derek Morgan	07-01-22 to 01-11-23 01-12-23 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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TO: THE OFFICIALS OF THE SPENCER-OWEN COMMUNITY SCHOOLS, OWEN COUNTY, INDIANA

This report is supplemental to the audit report of the Spencer-Owen Community Schools (School Corporation), for the period from July 1, 2022, to June 30, 2024. 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 the 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 6, 2025

SPENCER-OWEN COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

Condition and Context

Due to a lack of internal controls, the School Corporation capital assets record was incorrect. The Treasurer informed us that a material adjustment was not made after the last capital asset inventory was completed. The School Corporation's capital asset record did not support the \$76,525,514 reported in the Annual Financial Report submitted via the Indiana Gateway for Government Units financial reporting system used to compile the Schedule of Capital Assets.

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)

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. . . ."

SPENCER-OWEN COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2025, with Andy Cline, Superintendent of Schools; Annette Brown, Treasurer; Mark Morgan, President of the School Board; Mark Rogers, Vice President of the School Board; Matthew Taylor, Curriculum Director; and Tobi Slicer, Deputy Treasurer.