

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

COMPLIANCE ENGAGEMENT REPORT  
OF

MITCHELL COMMUNITY SCHOOLS,  
ALL SCHOOLS EXTRACURRICULAR ACCOUNTS,  
LAWRENCE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**  
07/24/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Extracurricular Accounts Treasurer	Sonya Chaney Bailey Becht	07-01-21 to 05-31-24 06-01-24 to 06-30-25
High School Principal	Dr. Jeff Bond	07-01-21 to 06-30-25
School Corporation Treasurer	Malinda Powell	07-01-21 to 06-30-25
Superintendent of Schools	Dr. Brent Comer	07-01-21 to 06-30-25
President of the School Board	Christopher S. Shaw Steve Burton	07-01-21 to 01-08-24 01-08-24 to 06-30-25



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MITCHELL COMMUNITY SCHOOLS, ALL SCHOOLS  
EXTRACURRICULAR ACCOUNTS, LAWRENCE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Mitchell Community Schools (School Corporation), All Schools Extracurricular Accounts (School ECA), for the period of July 1, 2021 to June 30, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the School ECA as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds and what reports are required to be prepared and filed.

We fulfilled our responsibility as detailed in the first paragraph, by applying procedures over cash, receipts, and disbursements. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the School ECA's reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifonline.org>.

The contents of this report were communicated to Sonya Chaney, former School Extracurricular Accounts Treasurer; Bailey Becht, School Extracurricular Accounts Treasurer; Dr Brent Comer, Superintendent of Schools; Malinda Powell, Corporation Treasurer; Amos Wegner, Athletic Director; Amanda May, Jr. High School Principal; and Steve Burton, President of the School Board, on July 10, 2024.

Beth Kelley, CPA, CFE  
Deputy State Examiner

July 2, 2024

MITCHELL COMMUNITY SCHOOLS,  
ALL SCHOOLS EXTRACURRICULAR ACCOUNTS  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure that the School ECA complied with laws and regulations. Internal controls deficiencies resulted in noncompliance over the following and are detailed further in the comments below:

- Bank Account Reconciliations
- Athletic Ticket Sales
- Fundraising Events
- Donation for Education

*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. . . ."

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The investment funds, i.e. certificate of deposit, were excluded from the bank reconciliation performed by the School ECA Treasurer. Additionally, there was no evidence of oversight by knowledgeable individuals of the bank reconciliation including supporting documentation.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

MITCHELL COMMUNITY SCHOOLS,  
ALL SCHOOLS EXTRACURRICULAR ACCOUNTS  
COMMENTS  
(Continued)

**ATHLETIC EVENTS TICKET SALES**

*Condition and Context*

The School Corporation's established procedures for Athletic Events Ticket Sales did not properly account for the tickets or the admission price.

- Tickets were not provided at events to those who were charged and paid an entrance fee.
- Form SA-4, Ticket Sales were prepared based on the collections rather than as a means to validate the collections based on the tickets sold as no tickets were used at events.
- Procedures did not address the criteria necessary to change an event from one with an entrance fee to one without an entrance fee and the associated documentation to support the change and inform all involved in the process of the change timely.

*Criteria*

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extracurricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

Ticket sales conducted by any activity should be accounted for as follows: The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold, and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 2)

Officials and employees are required to use the State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

**FUNDRAISING EVENTS**

*Condition and Context*

The School Corporation's adopted policies for corporation-support organizations' fundraising activities. During the engagement period, there were 10 of 19 selected fundraising events which did not have expressed permission of the governing body. Internal controls were not in place to ensure School ECA Treasurer obtained knowledge of the fundraising events with expressed permission of the governing body.

MITCHELL COMMUNITY SCHOOLS,  
ALL SCHOOLS EXTRACURRICULAR ACCOUNTS  
COMMENTS  
(Continued)

*Criteria*

Units which conduct fund raising events must have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 1)

***DONATION FOR EDUCATION***

*Condition and Context*

The School ECA received a financial stipend for participation in the Indiana Department of Education's pilot of micro credentials for assessing students' career readiness during the 2022-2023 school year. The financial stipend was not accounted for properly, as the extracurricular account is to be used only for functions which are not educational in nature. Therefore, the financial stipend should have been accounted for in the School Corporation funds.

*Criteria*

Indiana Code 20-40-14-1(a) states in part: "Except as provided in this section, money received by a school corporation for a specific purpose or purposes, by gift, endowment, or under a federal statute, may be accounted for by establishing separate funds apart from any other school corporation fund. . . ."

The extracurricular account is to be used only for functions which are not educational in nature. Accounts for educational functions must be maintained in the school corporation records. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 1)