

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
PORTER TOWNSHIP SCHOOL CORPORATION  
PORTER COUNTY, INDIANA  
July 1, 2015 to June 30, 2018



**FILED**  
03/27/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Result and Comment: Internal Controls over Financial Transactions .....	4
Official Response .....	5-10
Exit Conference.....	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Aline Busse	07-01-15 to 06-30-19
Superintendent of Schools	Stacey Schmidt	07-01-15 to 06-30-19
President of the School Board	Johanna Williams	01-01-15 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE PORTER TOWNSHIP SCHOOL  
CORPORATION, PORTER COUNTY, INDIANA

This report is supplemental to our audit report of the Porter Township School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2018. 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 opinion on the School Corporation's financial statement. This report may be found at [www.in.gov/sboa/](http://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.

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

February 27, 2019

PORTER TOWNSHIP SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS**

There were deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not implemented adequate segregation of duties as it had not separated incompatible activities related to Food Service vendor disbursements.

One employee prepared, recorded, and paid the accounts payable vouchers without evidence of a proper system of oversight or review to ensure that vendor disbursements were accurate.

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. . . ."



**Porter Township School Corporation**

248 South 500 West, Valparaiso, IN 46385 • 219.477.4933, ext. 1000 • Fax 219.477.4834

Office of the Superintendent

STACEY M. SCHMIDT, Ph.D.  
*Superintendent*

BEN PARRISH  
*Assistant Superintendent*

ALINE BUSSE  
*Business Manager/Treasurer*

February 27, 2019

State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

To Whom It May Concern:

This is an **OFFICIAL RESPONSE** to the Porter Township School Corporation examination results and comments on audit July 1, 2015 through June 30, 2018.

In regards to internal controls over financial transactions, it states that the corporation did not implement adequate segregation of duties with the School Lunch vendor disbursements. The Food Service Director prepared, recorded and paid the accounts payable vouchers without evidence of a proper system of oversight or review to ensure that the vendor disbursements were accurate.

Mrs. Holmquest left the Food Service Director position April 13, 2018. Her procedure for paying bills was as follows:

1. Prepare voucher and check for payment with all documentation attached to voucher
2. Send voucher, check and supporting documentation to the High School Treasurer to verify documentation and sign the check as first signature on check.
3. The Treasurer would send the voucher, paper documentation and the check to the High School Principal to verify documentation and sign the check as second signature on check.
4. The voucher had a spot for the Treasurer and Principal to sign or initial, but they failed to sign or initial it. They just signed the checks.

The Treasurer and High School Principal would verify that all paperwork was present before they signed the check. The paperwork with the voucher and signed check was then returned to the Director to finish processing before check was mailed. The Treasurer and High School Principal failed to sign or initial the voucher or invoice to show that they had inspected the documents.

See the written procedure that the Principal says he/they followed.

Mrs. Tonia Batesole was the acting Food Service Director from April through June 30, 2018. Mrs. Batesole was appointed as the Food Service Director on July 1, 2018. Mrs. Batesole would prepare the bills just as Mrs. Holmquest did and send the voucher, check and all supporting documentation to the Treasurer.

Once Mrs. Batesole realized that the vouchers were not being signed or initialed, she printed the vouchers highlighting the lines for the Treasurer and Principal to sign or initial. With the areas highlighted, the Treasurer and Principal started signing the vouchers after they verified that all the correct paperwork was attached for payment. (See paperwork for product in use now).

The comment in this audit has been corrected and was in fact corrected shortly after the last date of this audit. All vouchers have been and will be signed or initialed at the time of inspection for payment approval.

Aline Busse

(Signature)

Treasurer/Business Manager

(Title)

2/27/2019

(Date)

Enclosures

## Aline Busse

---

**From:** Aline Busse  
**Sent:** Monday, February 11, 2019 2:37 PM  
**To:** Clay Corman  
**Subject:** RE: Food Service Claim/check signature

Thank you very much.....

### *Aline Busse*

Business Manager/Treasurer  
Porter Township School Corporation  
248 South 500 West  
Valparaiso, IN 46385  
Tel: 219-477-4933, Ext. 1103  
Fax: 219-477-4834

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**From:** Clay Corman  
**Sent:** Monday, February 11, 2019 2:30 PM  
**To:** Aline Busse <Aline.Busse@ptsc.k12.in.us>  
**Subject:** Re: Food Service Claim/check signature

I look at the receipts attached to the bill. If something seems awry, I consult with Mr. Rosinia. If it still doesn't make sense, I consult with Mr. Sarnowski.

--

Clay Corman  
Principal  
Boone Grove High School  
Phone: (219)- 476-3455  
Fax: 219-306-8659  
[Clay.corman@ptsc.k12.in.us](mailto:Clay.corman@ptsc.k12.in.us)

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**From:** Aline Busse <[Aline.Busse@ptsc.k12.in.us](mailto:Aline.Busse@ptsc.k12.in.us)>  
**Date:** Monday, February 11, 2019 at 2:26 PM

To: Clay Corman <Clay.Corman@ptsc.k12.in.us>

Subject: Food Service Claim/check signature

Mr. Corman

Our auditor is processing Food Service records at this time.

She is asking what procedure you use/do before signing a check for the food service bills?

In other words, when a food service check is sent over to your office for signature, what do you look at/what do you require to be sent over with the check/etc.....

Can you give me written comments, please.....

Thank you.

*Aline Busse*

Business Manager/Treasurer

Porter Township School Corporation

248 South 500 West

Valparaiso, IN 46385

Tel: 219-477-4933, Ext. 1103

Fax: 219-477-4834

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Updated Form

Pages of

PO#

PORTER TOWNSHIP SCHOOL CORPORATION

Employee Tonia Batesole Area Cafeteria

Date 2/4/2019 Total Amount of Requisition \$2,963.80

Vender Name Clover Crest Dairy

Address 13835 S. Kostner Ave.

City Crestwood State IL Zip 60445

Phone 708-597-2200

Principal's Approval

*[Signature]*

Date of Approved

2-5-19

Check #: 1996

Catalog Number	Quantity	Item Name(page/description)	Unit Price	Total Price
2053268	HS	8021-31400-641		536.10
2053269	MS	8022-31400-641		890.97
	BGE	8024-31400-641		438.83
2053270	PL	8023-31400-641		1097.90
		Shipping and Handling (%)		
		Totals:		\$2,963.80

Requested by Tonia Batesole

Approval by: *[Signature]*

PORTER TOWNSHIP SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2019, with Stacey Schmidt, Superintendent of Schools; Aline Busse, Treasurer; Johanna Williams, President of the School Board; Linda Bult, Deputy Treasurer; Kathleen Smith, Administrative Assistant; and Tonia Batesole, Food Service Director.