

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BENTON COMMUNITY SCHOOL CORPORATION

BENTON COUNTY, INDIANA

July 1, 2017 to June 30, 2019



**FILED**  
03/11/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tracy Albertson	07-01-17 to 06-30-20
Superintendent of Schools	Gregg Hoover	07-01-17 to 06-30-20
President of the School Board	Gabe Widmer Patrick Thurston Edward Schroeder	07-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-20



**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 BENTON COMMUNITY SCHOOL  
CORPORATION, BENTON COUNTY, INDIANA

This report is supplemental to our audit report of the Benton Community School Corporation (School Corporation), for the period from July 1, 2017 to June 30, 2019. 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 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/](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 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.

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

February 24, 2020

BENTON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established a system of internal controls or separated incompatible activities related to receipts and other financing sources and uses.

*Receipts*

The School Corporation did not have effective controls in place to ensure that receipts were properly recorded and reported in the financial statement. Receipts were recorded based on deposits without a review or approval process.

*Other Financing Sources and Uses*

The School Corporation did not have effective controls in place to ensure that transfers were properly recorded and reported in the financial statement. Transfers were recorded without a review or approval process.

*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. . . ."

BENTON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**TIMELY RECORDING**

*Condition and Context*

The School Corporation's receipts were prepared based on the deposit slip or bank receipt. Some receipts were not recorded for up to 30 days after the deposit.

*Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**PREPAID SCHOOL MEAL ACCOUNTS**

*Condition and Context*

The School Corporation did not reconcile the Prepaid Lunch fund to the individual students' accounts. The difference of \$2,735 indicated that prepayments were collected and receipted into the School Lunch fund instead of the Prepaid Lunch fund.

*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 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 the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)



March 5, 2020


Indiana State Board of Accounts  
Audit Period: July 1, 2017 – June 30, 2019


**Response to the Audit Results and Comments**

Management will meet with responsible parties to determine if additional internal controls can be implemented with the current staff available. Due to the number of staff our school corporation employs it is difficult to further segregate duties with staff that is knowledgeable with the processes.

The Benton Community School Corporation is a small governmental unit and management has determined that the cost of employing additional staff necessary to properly segregate duties would outweigh the benefits of a stronger internal control system. Management acknowledges and assumes the risks inherent with the current design of the corporation's internal control processes.

Respectfully submitted:

  
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Gregg Hoover  
Superintendent

  
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Tracy Albertson  
Director of Finance/Treasurer

BENTON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2020, with Tracy Albertson, Treasurer; Gregg Hoover, Superintendent of Schools; Edward Schroeder, President of the School Board; and Chad Tolen, School Board member.