

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION

JACKSON COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
03/16/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patsy Hess	07-01-18 to 06-30-21
Superintendent of Schools	Greg Walker Jade W. Peters (interim) Timothy W. Taylor	07-01-18 to 09-30-18 10-01-18 to 06-30-19 07-01-19 to 06-30-21
President of the School Board	Mary Ann S. Spray Scott Shade	07-01-18 to 06-30-19 07-01-19 to 06-30-21



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TO: THE OFFICIALS OF THE BROWNSTOWN CENTRAL COMMUNITY  
SCHOOL CORPORATION, JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of the Brownstown Central Community School Corporation (School Corporation), for the period from July 1, 2018 to June 30, 2020. 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

March 10, 2021

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - VENDOR DISBURSEMENTS FROM THE SCHOOL LUNCH FUND**

*Condition and Context*

Throughout the audit period, there were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting over vendor disbursements made from the School Lunch fund. The School Lunch fund is handled by the School Corporation who has established an internal control that all disbursements are approved by the School Board. The internal control system was not operating effectively. Although vendor payments were approved by the Supervisor of Cafeterias and the School Lunch Treasurer or Corporation Treasurer, they were not presented to the School Board for approval.

*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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

**PREPAID SCHOOL MEAL ACCOUNTS**

*Condition and Context*

The School Corporation officials were not reconciling the total of the individual student meal accounts to the balance of the Prepaid Lunch fund (8400) on a monthly basis.

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

BROWNSTOWN CENTRAL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2021, with Patsy Hess, Treasurer; Timothy W. Taylor, Superintendent of Schools; Jade W. Peters, Assistant Superintendent of Schools; Scott Shade, President of the School Board; Joseph Sheffer, High School Principal; and Natalie McGinnis, Lunch Fund Treasurer.