

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
MORGAN COUNTY, INDIANA  
July 1, 2018 to June 30, 2020



**FILED**  
05/05/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rhondi Taylor Monica Houk	07-01-18 to 04-11-21 04-12-21 to 06-30-21
Superintendent of Schools	Randy Taylor	07-01-18 to 06-30-21
President of the School Board	Dr. William E. Roberson	07-01-18 to 06-30-21



**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 MOORESVILLE CONSOLIDATED  
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

This report is supplemental to our audit report of the Mooresville Consolidated 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

April 28, 2021

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - FINANCIAL TRANSACTIONS**

*Condition and Context*

*Cash and Investments*

The School Corporation did not have an effective internal control system in place to ensure that combined bank reconciliations were completed that included all bank and investment accounts and all funds.

*Receipts*

The School Corporation did not have an effective internal control system in place to ensure that receipts were properly recorded, deposited, and reported in the financial statement.

*Other Financing Sources and Uses*

The School Corporation did not have effective internal controls in place to ensure that transfers were properly recorded and reported in the financial statement. Most transfers between funds were recorded without supporting documentation, and 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. . . ."

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CERTIFICATION AND TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment appeared in prior Report B52421.

*Condition and Context*

Documentation could not be provided showing that all School Corporation employees, whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the School Corporation, had received training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

Since documentation could not be provided, the certification on the Annual Financial Report that training on internal control standards was received by personnel was unable to be verified for the audit period.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Personnel training of individuals shall be evidenced through a certification process. The certification form that is to be used and retained . . . is found in the Appendix of this manual. (Uniform Internal Control Standards for Indiana Political Subdivisions, page 4)

**PREPAID SCHOOL MEAL ACCOUNTS**

*Condition and Context*

Prepaid meal payments were receipted into the Pre-pay Cafeteria Money fund. During fiscal years 2018-2019 and 2019-2020, the transactions recorded in the fund were posted to revenue. Transfers out of the Pre-pay Cafeteria Money fund to the School Lunch fund were posted as negative receipts. Audit adjustments were proposed, accepted by management, and made to the financial statement.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Additionally, no evidence was presented that officials balanced the Pre-pay Cafeteria Money fund cash balance with the total of the individual student meal accounts monthly, as required. The Pre-pay Cafeteria Money fund cash balance did not agree with the individual student meal accounts as of June 30, 2019, or June 30, 2020.

*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)

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2021, with Dr. William E. Roberson, President of the School Board; Randy Taylor, Superintendent of Schools; Dr. Jake Allen, Associate Superintendent; and Monica Houk, Treasurer.