

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
BORDEN-HENRYVILLE SCHOOL CORPORATION  
CLARK COUNTY, INDIANA  
July 1, 2020 to June 30, 2021



**FILED**  
06/22/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patty Kelley	07-01-20 to 06-30-22
Superintendent of Schools	Sam Gardner Johnny Budd	07-01-20 to 07-25-21 07-26-21 to 06-30-22
President of the School Board	Myra Wright Powell	07-01-20 to 06-30-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BORDEN-HENRYVILLE SCHOOL CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Borden-Henryville School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2021. 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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

May 18, 2022

BORDEN-HENRYVILLE SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

The School Corporation had not established an effective system of internal controls over financial close and reporting. The Treasurer prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report (AFR) and financial statement. There were no internal controls in place, such as a review and approval process, to ensure the accuracy of the AFR prior to submission. Due to the lack of internal controls over the School Corporation's financial statement, the following funds and related transactions were omitted:

Fund	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021
Petty Cash-Henryville Café	\$ -	\$ 100	\$ 100	\$ -
Prepaid Meals	-	75,387	945	74,442
Payroll Withholding	-	2,328,096	2,339,260	(11,164)
Credit Card Receipts Clearing	-	105,193	65,635	39,558
Textbook Rental	-	619,579	159,831	459,748
Textbook Rental Reimbursement Clearing	-	46,967	46,967	-

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

*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. . . ."

BORDEN-HENRYVILLE SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

"The state examiner shall require from every audited entity 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](#)."

### **TRAINING ON INTERNAL CONTROL STANDARDS**

#### *Condition and Context*

The School Board did not provide the required training on internal control standards to all of the appropriate personnel during the audit period. The administration office staff and cafeteria employees received training; however, none of the required teachers had received the training.

#### *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."

### **CAPITAL ASSETS**

#### *Condition and Context*

The School Corporation adopted a capital asset policy; however, they did not maintain a detailed listing of their capital assets. A physical inventory has not taken place due to the School Corporation only being open for one year.

#### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

BORDEN-HENRYVILLE SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 18, 2022, with Patty Kelley, Treasurer; Johnny Budd, Superintendent of Schools; and Myra Wright Powell, President of the School Board.