

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST CENTRAL SCHOOL CORPORATION

PULASKI COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**

03/08/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls .....	4
Annual Financial Report - Other Information .....	4-5
Capital Assets .....	5
Advanced Payments - Compensation .....	5
Exit Conference .....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shannon Fritz	07-01-20 to 06-30-23
Superintendent of Schools	Dan Zylstra	07-01-20 to 06-30-22
	Cathy Rowe	07-01-22 to 06-30-23
President of the School Board	Jeff Lowry	07-01-20 to 12-31-21
	Kyle McTeigue	01-01-22 to 06-30-23



**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 WEST CENTRAL SCHOOL  
CORPORATION, PULASKI COUNTY, INDIANA

This report is supplemental to our audit report of the West Central School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2022. 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

February 27, 2023

WEST CENTRAL SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There was a deficiency in the internal control system of the School Corporation related to the financial statement and the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation had not properly implemented internal controls to ensure proper reporting within the Indiana Gateway for Government Units financial reporting system. There was no evidence provided of an oversight or review 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. . . ."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

The following Supplemental Schedules, as reported on the Indiana Gateway for Government Units (Gateway) financial reporting system, contained material errors:

*Schedule of Capital Assets*

The Schedule of Capital Assets (Schedule) was not properly reported for the audit period. The Schedule did not include all assets of the School Corporation. The School Corporation management requested the Schedule of Capital of Assets to not be included in the Financial Statement Audit Report due to it not being properly maintained for the audit period.

*Schedule of Leases and Debt*

The School Corporation did not accurately report debt in the Schedule of Leases and Debt. Two general obligation bonds through the West Central School Building Corporation (Holding Corporation) were included on the School Corporation's Schedule of Leases and Debt which overstated the Ending Principal Balance by \$5,515,000. Principal and Interest Due Within One year was overstated for the two revenue bonds by \$570,000.

WEST CENTRAL SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Audit adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented in the Financial Statement Audit Report.

*Criteria*

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](#)."

**CAPITAL ASSETS**

*Condition and Context*

The School Corporation did not properly maintain its capital asset listing. The detailed listing of capital assets did not include items in compliance with the School Corporation's capital asset policy. Items not included in the capital asset listing include school buses, land, and HVAC additions.

*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)

**ADVANCED PAYMENTS - COMPENSATION**

The same comment appeared in prior Report B56469.

*Condition and Context*

Some of the School Corporation's employees are paid an approved fiscal amount over the number of pay periods in the fiscal year. This method has resulted in compensation being paid in advance of services being performed. The approved salaries for the fiscal years ending June 30, 2021, and June 30, 2022, were paid in full with checks issued on June 25, 2021, and June 24, 2022, respectively.

*Criteria*

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

WEST CENTRAL SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2023, with Shannon Fritz, Treasurer; Cathy Rowe, Superintendent of Schools; and Jake Tanner, Vice President of the School Board.