

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

DELAWARE COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
03/29/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls over Financial Transactions .....	4
Annual Financial Report .....	4-5
Transparency Reports not Filed .....	5-6
Prepaid School Meal Accounts.....	6
Exit Conference.....	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie Wake Cindy Skinner	07-01-20 to 12-31-21 01-01-22 to 06-30-23
Superintendent of Schools	Bryan Rausch	07-01-20 to 06-30-23
President of the School Board	Robert Cook	07-01-20 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 LIBERTY-PERRY COMMUNITY SCHOOL  
CORPORATION, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Liberty-Perry Community 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

March 13, 2023

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS**

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions.

*Receipts*

The School Corporation had not designed or implemented proper segregation of duties related to receipts handled at the School Corporation level. The Treasurer issued and recorded receipts with no evidence of oversight or review that the receipts were posted accurately.

*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**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The grant information and the capital asset information entered into Gateway contained the following errors:

1. The COVID-19 - Education Stabilization Fund was omitted from the grant information for fiscal year 2020-2021, resulting in the understatement of expenditures by \$128,460. Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$89,187 for both years.
2. A school building was omitted from the capital asset information.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information, and to the Schedule of Expenditures of Federal Awards.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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](#)."

**TRANSPARENCY REPORTS NOT FILED**

*Condition and Context*

The School Corporation had not filed transparency reports from January 2021 through June 2021.

*Criteria*

Indiana Code 5-14-3.7 states in part:

"(1) As used in this chapter, 'department' means the department of education established by [IC 20-19-3-1](#) . . . .

(3)

(a) The department, working with the office of technology established by [IC 4-13.1-2-1](#) or another organization that is part of a state educational institution, the state board of accounts established by [IC 5-11-1-1](#), the department of local government finance established under [IC 6-1.1-30-1.1](#), and the office of management and budget established by [IC 4-3-22-3](#), shall post on the Indiana transparency Internet web site a data base that lists expenditures and fund balances, including expenditures for contracts, grants, and leases, for public schools. The web site must be electronically searchable by the public.

(b) The data base must include for public schools:

- (1) the amount, date, payer, and payee of expenditures;
- (2) a listing of expenditures specifically identifying those for:
  - (A) personal services;
  - (B) other operating expenses or total operating expenses; and
  - (C) debt service, including lease payments, related to debt;
- (3) a listing of fund balances, specifically identifying balances in funds that are being used for accumulation of money for future capital needs;
- (4) a listing of real and personal property owned by the public school; and
- (5) the report required under [IC 6-1.1-33.5-7](#) . . . .

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (7) To the extent any information required to be in the data base is collected or maintained by a public school, the public school shall provide that information to the department for inclusion in the data base. . . ."

**PREPAID SCHOOL MEAL ACCOUNTS**

*Repeat Comment*

Similar comments appeared in prior Reports B52928 and B56670, entitled *PREPAID SCHOOL MEAL ACCOUNTS* and *RECONCILEMENT OF THE PREPAID FOOD FUND*, respectively.

*Condition and Context*

The subsidiary detail of the prepaid meals by student balance did not reconcile to the 8400 Prepaid School Lunch Accounts fund balance. The subsidiary detail balance was \$2,000 greater than the fund balance at June 30, 2022.

*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)

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2023, with Cindy Skinner, Treasurer; Bryan Rausch, Superintendent of Schools; Robert Cook, President of the School Board; and Brenda Layne, Food Service Director.