

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ZIONSVILLE COMMUNITY SCHOOLS

BOONE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
05/31/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Federal Finding: Finding 2015-001 - Internal Controls over Receipts	4
Corrective Action Plan.....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Shafer	07-01-13 to 12-31-17
Superintendent of Schools	Dr. Scott Robison	07-01-13 to 06-30-19
President of the School Board	Jim Longest Shari Richey Jane Burgess	01-01-13 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



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

TO: THE OFFICIALS OF THE ZIONSVILLE COMMUNITY SCHOOLS, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Zionsville Community Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 11, 2017

ZIONSVILLE COMMUNITY SCHOOLS
FEDERAL FINDING

FINDING 2015-001 - INTERNAL CONTROLS OVER RECEIPTS

Condition

One individual was in charge of receiving checks and money, preparing the receipts, and making the daily deposits. There was no control in place, such as an oversight, review, or approval process over the individual's activities.

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. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control related to receipt transactions.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Zionsville Community Schools

900 Mulberry Street • Zionsville, Indiana 46077
317.873.2858 • www.zcs.k12.in.us



CORRECTIVE ACTION PLAN

FINDING 2015-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Michael A. Shafer, CFO

Contact Phone Number: 317-873-2858

Views of Responsible Official:

We believe that appropriate controls were in place during the audit period. However, we were unable to locate documentation dating back to the beginning of the audit period in 2013 to demonstrate to the satisfaction of the auditors that management reviewed or provided adequate oversight to the preparation of receipts and bank deposits. While we are confident that the supervising management employee who oversaw the clerical employee who performed these tasks did review the source documents, reports and other documentation generated by the preparation of receipts and bank deposits, the supervisor did not specifically initial and date those documents to demonstrate that reviews had occurred. It was our understanding that initialing documents in this manner was not specifically required by the Indiana State Board of Accounts' *Uniform Compliance Guidelines* as it existed at that time. We also note that the Board of Accounts' *Uniform Internal Control Standards for Indiana Political Subdivisions* was not issued until September 2015, after the end of this current audit period. Both the management employee and the clerical employee who served in the respective positions during the applicable portion of the audit period are no longer employed by Zionsville Community Schools for unrelated reasons (one retired, the other moved out of state due to a spouse's job transfer). Accordingly, management cannot now document that the necessary reviews and oversight occurred.

Description of Corrective Action Plan:

The current Controller (representing management) provides oversight to the employee who prepares receipts and bank deposits. Central to this process are reviews of all bank deposits with comparisons to receipts and verifications of amounts. These reviews are documented and a file of the resultant documentation is maintained.

Anticipated Completion Date:

The Corrective Action Plan described above is currently in place, and is documented to have been followed consistently since June 2015.

Chief Financial Officer

April 11, 2017

ZIONSVILLE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2017, with Michael Shafer, Treasurer; Dr. Scott Robison, Superintendent of Schools; and Jane Burgess, President of the School Board.