

**STATE BOARD OF ACCOUNTS**  
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**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
CROTHERSVILLE COMMUNITY SCHOOLS  
JACKSON COUNTY, INDIANA  
July 1, 2014 to June 30, 2017



**FILED**  
06/01/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Result and Comment: Internal Controls .....	4
Official Response .....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry L. Richey	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Terry A. Goodin	07-01-14 to 06-30-18
President of the School Board	Dale L. Schmelzle Robert E. Spicer	01-01-14 to 12-31-15 01-01-16 to 12-31-18



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TO: THE OFFICIALS OF THE CROTHERSVILLE COMMUNITY  
SCHOOLS, JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of the Crothersville Community Schools (School Corporation), for the period from July 1, 2014 to June 30, 2017. 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 Statements Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statements. 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

May 9, 2018

CROTHERSVILLE COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to Cash and Investments and Receipts. A separation of duties for each of these areas had not been designed or implemented to prevent, or detect and correct, errors. The lack of internal controls was a systemic issue throughout the audit period.

1. School Corporation

- Cash and Investments: The bank reconciliation was performed by the Treasurer with no evidence of an oversight or review process in place.
- Receipts: The Treasurer was responsible for preparing the deposit ticket, making the bank deposit, and issuing the receipt without evidence of an oversight or review process in place.

2. School Lunch ECA

- Cash and Investments: The bank reconciliation was performed by the Deputy Treasurer with no evidence of an oversight or review process in place.
- Receipts: Daily lunch collections were made and deposited by the Cafeteria Cashier with no evidence that a verification process was in place to ensure all monies collected were deposited.

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. . . ."

# CROTHERSVILLE COMMUNITY SCHOOLS

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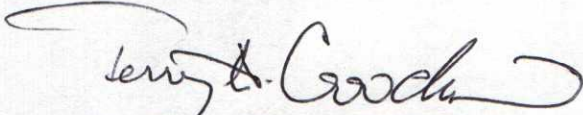
*Treasurer*  
*Terry L. Richey*

*Deputy Treasurer*  
*Annette King*

May 9, 2018

To Whom It May Concern:

Crothersville Community Schools has complied with all statutory obligations concerning internal controls and will follow the recommendations outlined in the information received at our exit conference with the State Board of Accounts.



Dr. Terry A. Goodin, Superintendent  
Crothersville Community Schools

CROTHERSVILLE COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2018, with Terry L. Richey, Treasurer; Dr. Terry A. Goodin, Superintendent of Schools; Robert E. Spicer, President of the School Board; and Annette King, Deputy Treasurer.