

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA
KNOX COUNTY, INDIANA
July 1, 2013 to June 30, 2017



FILED
11/16/2018

TABLE OF CONTENTS

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

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca A. Van Vleet	07-01-13 to 06-30-19
Director	J.T. Roberts (Vacant) Brandon R. Small	07-01-13 to 07-05-14 07-06-14 to 07-20-14 07-21-14 to 06-30-19
President of the School Board	Nicholas G. Karazsia Travis G. Madison	07-01-13 to 06-30-14 07-01-14 to 06-30-19



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 TWIN RIVERS CAREER AND TECHNICAL
EDUCATION AREA, KNOX COUNTY, INDIANA

This report is supplemental to our audit report of the Twin Rivers Career and Technical Education Area (School Corporation), for the period from July 1, 2013 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 opinion on the School Corporation's financial statement. This report may be found at 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

October 8, 2018

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment also appeared in prior Report B43423, entitled *INTERNAL CONTROLS*.

There were deficiencies in the internal control system for the School Corporation related to financial transactions. There were no segregation of duties as the School Corporation had not separated incompatible activities related to cash, receipts, vendor disbursements, and notes to the financial statements.

Cash

The School Corporation did not have internal control procedures in place over cash. The Treasurer prepared the bank reconciliation as well as prepared the deposits and signed all vendor checks. There was no indication of a review or oversight to verify that the bank reconciliations were accurate.

Receipts

Effective controls had not been developed over the receipting process. The Treasurer issued the receipts, prepared and made deposits, and posted receipts. There was no indication of a review or oversight to verify that the receipts were accurate or properly recorded in the ledger.

Vendor Disbursements

Effective controls had not been developed over the disbursement process. The Treasurer prepared the accounts payable vouchers, wrote the checks, signed the checks, and posted the disbursements for all vendor checks. Although the School Board does approve the disbursements by signing the Claims Docket, there was no indication of a review or oversight to verify that the disbursements were accurate or properly recorded.

Notes to Financial Statements

Effective controls had not been developed over the notes to the financial statements. The Treasurer performed the only review of the notes to the financial statements. There was no indication of review or oversight to verify that the information was accurate.

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. . . ."

TWIN RIVERS CAREER AND TECHNICAL EDUCATION AREA
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2018, with Travis G. Madison, President of the School Board; Brandon R. Small, Director; and Rebecca A. Van Vleet, Treasurer.