

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SHOALS COMMUNITY SCHOOL CORPORATION

MARTIN COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/30/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa C. Elliott	01-01-16 to 12-31-19
Superintendent of Schools	Dr. Candace Roush	01-01-16 to 06-30-21
President of the School Board	Lorna A. Troutman Dianna Ragsdale Bill Bauer Drexel Turpin	01-01-16 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 02-13-19 02-14-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SHOALS COMMUNITY SCHOOL
CORPORATION, MARTIN COUNTY, INDIANA

This report is supplemental to our audit report of the Shoals Community School Corporation (School Corporation), for the period from July 1, 2016 to June 30, 2018. 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 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

April 15, 2019

SHOALS COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The School Corporation had not separated incompatible activities related to cash and investments and receipts. Separation of duties for each of these areas had not been designed or implemented to prevent, or detect and correct, errors on the financial statement.

The Treasurer performed the monthly bank reconciliations without an oversight, review, or approval process to ensure they were complete and being prepared accurately.

Except for cafeteria receipts, the Treasurer receipted, deposited, and recorded the receipts into the accounting system without an oversight, review, or approval process to ensure the accuracy of the deposit and posting of the receipts.

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. . . ."

SHOALS COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2019, with Lisa C. Elliott, Treasurer; Dr. Candace Roush, Superintendent of Schools; and Drexel Turpin, President of the School Board.