

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
PIONEER REGIONAL SCHOOL CORPORATION
CASS COUNTY, INDIANA
July 1, 2015 to June 30, 2018



FILED
06/14/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa J. Hardy	07-01-15 to 12-31-19
Superintendent of Schools	Dr. David L. Bess Charles R. Grable (interim) Charles R. Grable	07-01-15 to 06-12-17 06-13-17 to 06-30-17 07-01-17 to 12-31-19
President of the School Board	Michael W. Englert Lisa Kesling	07-01-15 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
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TO: THE OFFICIALS OF THE PIONEER REGIONAL SCHOOL
CORPORATION, CASS COUNTY, INDIANA

This report is supplemental to our audit report of the Pioneer Regional School Corporation (School Corporation), for the period from July 1, 2015 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 Statements Audit Report of the School Corporation, which provides our opinion on the School Corporation's financial statements. 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 30, 2018

PIONEER REGIONAL SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not established and not separated incompatible activities related to receipts. The failure to establish these controls could enable material misstatements to occur and remain undetected.

The Treasurer issued receipts, recorded transactions, and deposited collections without evidence of segregation of duties. There was no documented oversight, review, or approval process in place to ensure the accuracy and classification of receipts to the proper fund and account.

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. . . ."

PIONEER REGIONAL SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2019, with Melissa J. Hardy, Treasurer; Charles R. Grable, Superintendent of Schools; and Lisa Kesling, President of the School Board.