

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MITCHELL COMMUNITY SCHOOLS

LAWRENCE COUNTY, INDIANA

July 1, 2017 to June 30, 2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Control and Compliance over Average Daily Membership	4
Training on Internal Control Standards	4-5
Certification on Internal Control Standards	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Malinda Powell	01-01-17 to 12-31-20
Superintendent of Schools	Dr. Steve E. Phillips Dr. Michael Wilcox	01-01-17 to 01-18-19 12-01-18 to 12-31-20
President of the School Board	Christopher Shaw	01-01-17 to 12-31-20



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 MITCHELL COMMUNITY SCHOOLS, LAWRENCE COUNTY, INDIANA

This report is supplemental to our audit report of the Mitchell Community Schools (School Corporation), for the period from July 1, 2017 to June 30, 2019. 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 opinions 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 11, 2020

MITCHELL COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROL AND COMPLIANCE OVER AVERAGE DAILY MEMBERSHIP

Condition and Context

The School Corporation had not separated incompatible activities related to Average Daily Membership (ADM) counts. There was no segregation of duties, such as a documented oversight, review, or approval process. Written certifications from the building level official to properly document responsibility for ADM counts were not obtained during the audit period.

Criteria

"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. . . ."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation had adopted the internal control standards in November 2016 and provided training to the required employees through October 8, 2018. Employees hired after October 8, 2018, did not receive the required training on the internal control standards.

MITCHELL COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation incorrectly certified, in the Indiana Gateway for Government Units financial reporting system, that applicable personnel had received training regarding internal control standards. Documentation for the audit period was not provided to verify new hires received the training on internal controls standards.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

MITCHELL COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2020, with Dr. Michael Wilcox, Superintendent of Schools; Dr. Brent Comer, Assistant Superintendent of Schools; Malinda Powell, Treasurer; Ruthie Lane, Deputy Treasurer; Alda L. McIntosh, Food Service Director; and Christopher Shaw, President of the School Board.