

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TIPPECANOE VALLEY SCHOOL CORPORATION

KOSCIUSKO COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
02/28/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jessica McFarland	07-01-17 to 06-30-20
Superintendent of Schools	Brett R. Boggs Blaine Conley	07-01-17 to 06-30-18 07-01-18 to 06-30-20
President of the School Board	Todd Hoffman Adam Heckman Aaron Zolman	01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TIPPECANOE VALLEY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Tippecanoe Valley School Corporation (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 17, 2020

TIPPECANOE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts. The Treasurer performed all aspects of the receipting process without an oversight, review, or approval process to ensure that material misstatements would be prevented or detected and corrected. Control activities should be in place to reduce the risks of errors in financial reporting.

Criteria

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. . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Board adopted a policy for internal controls on May 9, 2016. The School Corporation did not ensure that all personnel received training concerning the internal control standards and procedures.

TIPPECANOE VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-27(c) states:

"As used in this section, "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity."

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 Treasurer certified on the Indiana Gateway for Government Units financial reporting system for fiscal years 2017-2018 and 2018-2019, that personnel, as defined by Indiana Code 5-11-1-27(c), have received the required training. However, not all personnel, as defined by Indiana Code 5-11-1-27(c), received the training; therefore, the certification was incorrect.

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](#)."

TIPPECANOE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2020, with Jessica McFarland, Treasurer; Blaine Conley, Superintendent of Schools; and Aaron Zolman, President of the School Board.