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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2018 to June 30, 2020

FILED
02/23/2021

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Christi Pruitt	07-01-18 to 12-21-18
	(Vacant)	12-22-18 to 02-03-19
	Dianne Lacy	02-04-19 to 12-31-21
Superintendent of Schools	Tina Bennett	07-01-18 to 06-30-21
President of the School Board	William P. Wilson	07-01-18 to 12-31-21

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY
SCHOOL CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Clarksville Community School Corporation (School Corporation), for the period from July 1, 2018 to June 30, 2020. 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 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

February 17, 2021

INTERNAL CONTROLS - DISBURSEMENTS

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to disbursements of payroll withholdings made by electronic fund transfer (EFT).

Procedures were not in place at the School Corporation that would have ensured approval of EFT payments by the School Board. EFT payments consisted of payroll withholding disbursements that were paid by the payroll clerk and entered into the ledger with a journal entry. The Treasurer would approve the EFT payments, but the EFT payments were not being presented to the School Board for approval.

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

CLARKSVILLE COMMUNITY SCHOOLS

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OFFICIAL RESPONSE

February 18, 2021

Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Finding 2020-001
Internal Controls - Disbursements
Period: July 1, 2018 to June 30, 2020

Clarksville Community School Corporation acknowledges the deficiency in the internal control system related to the disbursement of payroll withholdings made by electronic fund transfer (EFT).

Procedures were immediately put into place to ensure that all EFT payments are presented to the School Board for approval.

We appreciate the efforts and recommendations of the Field Examiners during this audit.

Sincerely,

Dianne Lacy
Corporation Treasurer

Tina Bennett
Superintendent

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2021, with Dianne Lacy, Treasurer; Tina Bennett, Superintendent of Schools; and William P. Wilson, President of the School Board.