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

SUPPLEMENTAL COMPLIANCE REPORT

OF

KANKAKEE VALLEY SCHOOL CORPORATION

JASPER COUNTY, INDIANA

July 1, 2018 to June 30, 2020

FILED
05/11/2021

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SCHEDULE OF OFFICIALS

Office	Official	Term
Chief Financial Officer/Treasurer	Carol Deardorff	07-01-18 to 06-30-21
Superintendent of Schools	Aaron Case	07-01-18 to 11-30-18
	Iran G. Floyd	12-01-18 to 06-30-19
	Donald Street	07-01-19 to 06-30-21
President of the School Board	Edward P. Habrowski	07-01-18 to 12-31-18
	Jill Duttlinger	01-01-19 to 12-31-21

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 KANKAKEE VALLEY SCHOOL CORPORATION, JASPER COUNTY, INDIANA

This report is supplemental to our audit report of the Kankakee Valley 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

May 3, 2021

KANKAKEE VALLEY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER TRANSFERS

Condition and Context

There were deficiencies in the internal control system of the School Corporation related to financial transactions. The School Corporation had not separated incompatible activities related to other financing sources and uses.

One employee recorded the interfund transfer transactions in the financial accounting system. A proper system of review or oversight was not established.

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. . . ."

Kankakee Valley School Corporation
12021 N 550 W
PO Box 278
Wheatfield, Indiana 46392-0278
Telephone: 219-987-4711
Fax: 219-987-4710

Mission statement:
Our mission is to guide students to become informed, engaged citizens, and curious, lifelong learners.

OFFICIAL RESPONSE

May 3, 2021

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

Re: Audit Result and Comment "Internal Controls over Transfers"

In the future, fund transfers will done one of two ways. If they are done electronically in our financial software system, a physical receipt will be issued and an electronic transfer number will be assigned. The other method is that a check will be issued, receipted and deposited in our bank, so either way it will leave a clear audit trail of the transfer. The check or electronic transfer will be included on the claim docket that is approved by the Board of Education, the accounts payable voucher will be reviewed and approved by the accounts payable clerk, and the receipt will be listed on the monthly report that is reviewed by the deputy treasurer and compared to the receipts issued to verify that the receipt was posted correctly.

Home of the Kougars

KANKAKEE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2021, with Carol Deardorff, Chief Financial Officer/Treasurer; Donald Street, Superintendent of Schools; Jill Duttlinger, President of the School Board; and Michelle Flick, Food Service Director.