

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

SOUTHWESTERN JEFFERSON COUNTY
CONSOLIDATED SCHOOL CORPORATION
JEFFERSON COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
05/11/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura M. Boldery	07-01-18 to 06-30-21
Superintendent of Schools	Trevor Jones Jeffrey L. Bates	07-01-18 to 01-31-19 02-01-19 to 06-31-21
President of the School Board	John Jones Richard P. Stockdale	07-01-18 to 12-31-18 01-01-19 to 06-30-21



STATE OF INDIANA
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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 SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

This report is supplemental to our audit report of the Southwestern Jefferson County Consolidated 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 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

May 6, 2021

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Repeat Comment

A similar comment appeared in prior Report B52847, entitled *FINDING 2018-002*.

Condition and Context

The School Corporation had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal controls.

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:

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Repeat Comment

A similar comment appeared in a Management Letter addressed to the officials of the School Corporation for the audit period ending June 30, 2018.

Condition and Context

The School Corporation had not properly maintained a complete inventory of capital assets owned. The capital asset records were not complete and up to date as of June 30, 2020. No capital assets had been added to the inventory since 2017. We noted several asset purchases during the audit period that were not included on the capital asset records. Also, a physical inventory has not taken place in the past two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 6, 2021, with Laura M. Boldery, Treasurer; Jeffrey L. Bates, Superintendent of Schools; Richard P. Stockdale, President of the School Board; Jason R. Watson, Assistant Superintendent of Schools; Katie King, Director of Child Nutrition; Melissa May, Deputy Treasurer; and Penny Mahoney, Assistant Treasurer.