

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCOTT COUNTY SCHOOL DISTRICT 1

SCOTT COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**

06/02/2021



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Internal Controls over Financial Close and Reporting.....	4-5
Capital Assets.....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jami R. Parks	07-01-18 to 06-30-21
Superintendent of Schools	(Vacant)	07-01-18 to 08-19-18
	Kenneth Kidd (acting)	08-20-18 to 01-31-19
	Trevor Jones	02-01-19 to 06-30-21
President of the School Board	Kathy Morris	07-01-18 to 12-31-18
	Joie Bukowski	01-01-19 to 12-31-20
	Ryan Payne	01-01-21 to 06-30-21



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT COUNTY, INDIANA

This report is supplemental to our audit report of the Scott County School District 1 (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/](http://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 20, 2021

SCOTT COUNTY SCHOOL DISTRICT 1  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

The School Corporation did not have a proper system of internal controls in place over financial close and reporting to prevent, or detect and correct, errors. Due to the lack of internal controls over the input of financial information submitted to the Indiana Department of Education (IDOE) financial reporting system, commonly referred to as Form 9, material errors remained undetected.

There were six funds that were omitted from the financial information reported within the Form 9 data, which was the source of the financial statement presented for audit. The net effect from the omission of these funds resulted in receipts being understated by \$322,492 and \$560,374 for the school years ending June 30, 2019 and 2020, respectively; disbursements being understated by \$353,729 and \$521,283 for the school years ending June 30, 2019 and 2020, respectively; and the ending cash and investment balance being overstated by \$30,787 and understated by \$8,304 for the school years ending June 30, 2019 and 2020, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

*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.

SCOTT COUNTY SCHOOL DISTRICT 1  
AUDIT RESULTS AND COMMENTS  
(Continued)

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 5-11-1-4(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](#)."

**CAPITAL ASSETS**

*Condition and Context*

The School Corporation had not properly maintained a complete inventory of capital assets owned. Additions and deletions of capital assets during the audit period were not included on the capital asset records. A physical inventory has not been conducted 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)

SCOTT COUNTY SCHOOL DISTRICT 1  
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2021, with Jami R. Parks, Treasurer; Trevor Jones, Superintendent of Schools; Darlene Hall, School Board member; and Donna Gabbard, Deputy Treasurer.