



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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February 7, 2022

TO: THE OFFICIALS OF THE GARRETT-KEYSER-BUTLER COMMUNITY SCHOOL  
DISTRICT - GARRETT MIDDLE SCHOOL EXTRACURRICULAR ACCOUNT,  
DEKALB COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Garrett-Keyser-Butler Community School District - Garrett Middle School Extracurricular Account (School ECA) for the period of July 1, 2018 to June 30, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The School ECA's Annual Financial Reports filed by management, can be found on the Gateway Website: [www.gateway.iffonline.org](http://www.gateway.iffonline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

### **Comments**

#### ***Internal Controls over Cash and Investments***

##### ***Condition and Context***

There were deficiencies in the internal control system of the School ECA related to the financial transactions and reporting. The School ECA had not separated incompatible activities related to the cash and investments. The failure to establish these internal controls could enable material misstatements to occur and remain undetected. Monthly bank reconciliations were performed by the School ECA for all extracurricular account funds. No evidence of review, oversight, or an approval process was presented to ensure the accuracy of the reconciliations.

##### ***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. . . ."

### ***Internal Controls over Athletic Ticket Sales***

#### *Conditions and Context*

There were deficiencies in the internal control system of the School ECA related to the financial transactions and reporting. The School ECA had not separated incompatible activities related to the Athletic Ticket Sales. The failure to establish these internal controls could enable material misstatements to occur and remain undetected. The Form SA-4 is utilized to track Athletic Ticket Sales. However, there is no review, oversight, or an approval process to ensure the accuracy of the SA-4.

#### *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. . . ."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Ginger Simon, School ECA Treasurer; Lucas Fielden, School Principal; Brittany L. Treesh, School Corporation Treasurer; Tamara L. Best, President of the School Board, on January 6, 2022.

Respectfully,

  
Paul D. Joyce, CPA  
State Examiner