

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT
OF
METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
STEUBEN COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

04/09/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sherry L. Neumann Jessica L. Swinford	07-01-22 to 12-31-24 01-01-25 to 06-30-25
Superintendent of Schools	Dr. Matthew L. Widenhoefer	07-01-22 to 06-30-25
President of the School Board	Cory L. Archbold	07-01-22 to 06-30-25



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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF STEUBEN COUNTY, STEUBEN COUNTY, INDIANA

This report is supplemental to the audit report of the Metropolitan School District of Steuben County (School Corporation), for the period from July 1, 2022 to June 30, 2024. 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 the 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 25, 2025

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in noncompliance over:

- Average Daily Membership (ADM) - Lack of Records
- Annual Financial Report

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. . . ."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

A similar comment also appeared in prior Report B60919, entitled *AVERAGE DAILY MEMEBERSHIP (ADM)*.

Condition and Context

The School Corporation did not annually adopt or readopt a Verification of Residency Policy that specifies documentation, not to exceed three items, required to verify Indiana residency. The following noncompliance was also identified:

Brick-and-Mortar

The School Corporation did not provide proof of enrollment and residency documents for 14 out of 60 students selected for testing. In addition, the School Corporation did not provide documents for 1 of those students to verify age requirements. The School Corporation receives 100 percent tuition support per attending brick-and-mortar student they report to the state. This may have resulted in the School Corporation receiving 100 percent tuition support for ineligible students.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Virtual

The School Corporation receives 85 percent of the tuition support for students they report as attending virtual programs. The School Corporation did not provide proof of enrollment and residency documents for 7 out of 11 students selected for testing. In addition, the School Corporation did not provide documents for 1 of those students to verify age requirements. This may have resulted in the School Corporation receiving 85 percent tuition support for ineligible students.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information is required to be entered annually into the Indiana Gateway for Government Units financial reporting system, which is the source of the School Corporation's Annual Financial Report (AFR). The School Corporation filed its AFR as prescribed; however, the AFR contained the following errors.

Grants

The School Corporation is required to report grant information in its AFR, which is the basis for the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Audit Report of the School Corporation. The SEFA presented for audit included the following errors:

- The Child Nutrition Cluster federal grant amounts for fiscal years 2022-2023 and 2023-2024 were understated by \$227,438 and \$22,731, respectively.
- One federal program reported amounts that were not federal, which overstated expenditures by \$112,519.
- One federal grant was not reported which understated expenditures by \$317,011.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- Additional grants had immaterial errors, which resulted in misstatements of expenditures of \$13,750.
- Other errors included incorrect program names, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report of the School Corporation.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2025, with Dr. Matthew L. Widenhoefer, Superintendent of Schools; Jessica L. Swinford, Treasurer; Kevin Beard, Vice President of the School Board; Becky Maggart, Secretary of the School Board; and Andrew Wagner, Director of Student Services.