

**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 WARREN COUNTY
WARREN COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/14/2025

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Nanette Ware Jodi Halsema | 07-01-22 to 12-31-23 01-01-24 to 06-30-25 |
| Superintendent of Schools | Dr. Ralph Shrader | 07-01-22 to 06-30-25 |
| President of the School Board | Dan Duchemin Dr. Brooke Max Shawn Allison Sharon K. Grady | 07-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 06-30-25 |



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INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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

This report is supplemental to the audit report of the Metropolitan School District of Warren 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 7, 2025

METROPOLITAN SCHOOL DISTRICT OF WARREN COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B60987, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The School Corporation had not established effective internal controls over the information submitted in the AFR for the fiscal years ending June 30, 2023 (FY23), and June 30, 2024 (FY24), which resulted in the following errors:

Federal Grant Information

- The National School Lunch Program expenditures were understated by \$71,490 for FY23.
- The Adult Education - Basic Grants to States receipt activity was omitted from the grant information, which resulted in expenditures being understated by \$32,838 for FY23.

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](#)."

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. . . ."

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

SCHOOL FOOD ACCOUNTS

Condition and Context

Internal controls were not in place related to school food account activity. The School Corporation did not move the accounting for all receipts and disbursements related to its school meals program from its Extra Curricular Accounts (ECAs) to the School Corporation level by January 1, 2024, as required.

Criteria

Indiana Code 20-41-2-4 states: "A governing body in operating a school lunch program under [IC 20-26-5-4\(a\)\(11\)](#) must supervise and control the program through the school corporation account, establishing a school lunch fund."

House Enrolled Act (HEA) 1001 and HEA 1040 amended IC 20-41. Effective January 1st, 2024, IC 20-41-1-2 will prohibit School Lunch and Curricular Materials funds to be accounted for at the extracurricular accounts (ECA) level. ECAs must remit any school lunch or curricular materials funds to the school corporation and be accounted for in the school corporation's records before January 1st, 2024.

We will not take exception to an extracurricular treasurer initially collecting and accounting for receipts turned in by a student at the building level. ECAs must remit any collections for the school lunch or curricular materials program to the school corporation on a timely basis. The balance of the each of these funds must be zero at the end of each calendar year and fiscal year. . . .

The Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts has been updated. School Lunch prescribed form samples and descriptions can now be found in the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations in chapter 10.

(The School Bulletin And Uniform Compliance Guidelines, Vol. No. 242)

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METROPOLITAN SCHOOL DISTRICT OF WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2025, with Jodi Halsema, Treasurer; Dr. Ralph Shrader, Superintendent of Schools; Sharon K. Grady, President of the School Board; Lacy Sturgeon, Food Service Director; and Melissa Bell, Assistant Food Service Director.