

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

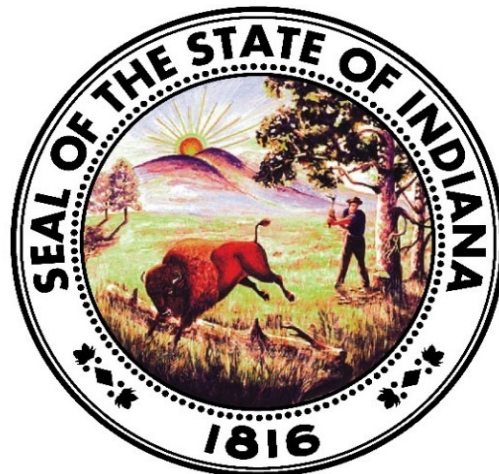
SUPPLEMENTAL COMPLIANCE REPORT

OF

SHENANDOAH SCHOOL CORPORATION

HENRY COUNTY, INDIANA

July 1, 2021 to June 30, 2023



FILED

03/21/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Drew Cooper	07-01-21 to 06-30-24
Superintendent of Schools	Dr. Kyle Barrantine	07-01-21 to 06-30-24
President of the School Board	Scott Trennepohl	07-01-21 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SHENANDOAH SCHOOL CORPORATION, HENRY COUNTY, INDIANA

This report is supplemental to the audit report of the Shenandoah School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

March 4, 2024

SHENANDOAH SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER RECEIPTS

Condition and Context

A proper system of internal controls, which would include appropriate segregation of duties, should be designed and implemented at varying points within a process to effectively prevent, or detect and correct, errors. The failure to establish appropriate internal controls could enable material misstatements to occur and remain undetected. Receipts including those from other financing sources were posted to the ledger by the Treasurer without an oversight or review process in place to ensure the remitter, amount, fund, and receipt classification were accurate.

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. . . ."

MILEAGE REIMBURSEMENT CLAIMS

Condition and Context

A proper system of internal controls, which would include appropriate segregation of duties, should be designed and implemented at varying points within a process to effectively prevent, or detect and correct, errors. The failure to establish appropriate internal controls could enable material misstatements to occur and remain undetected.

Vendor claims, including mileage reimbursements, were prepared by the principals or department heads, signed by the receiving employee, and approved by the Treasurer. Although the School Corporation had a process in place, it was not effective and did not prevent, or detect and correct, errors on mileage reimbursements. Of the seventeen mileage claims tested, errors were found with six claims. The six errors were as follows:

1. Five claims utilized the incorrect mileage rate. One of which was also not on the prescribed mileage reimbursement form.
2. One claim utilized the incorrect mileage.

SHENANDOAH SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

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Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SHENANDOAH SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - SUPPORTING DOCUMENTATION AND RESIDENCY VERIFICATION

Condition and Context

For the fiscal year 2022-2023 Period Two Count of the Average Daily Membership (ADM), the following issues were noted:

- The School Corporation did not provide class rosters with building level approval.
- The School Corporation did not provide documentation that the Superintendent of Schools and Business Manager approved the ADM certified to the Indiana Department of Education.
- The School Corporation was unable to provide residency verification for 22 of 47 virtual students tested or age verification documentation for five students.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

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)

AVERAGE DAILY MEMBERSHIP (ADM) - STUDENT ENGAGEMENT POLICY

Condition and Context

The School Corporation does not have a student engagement policy that covers students attending in the virtual program.

SHENANDOAH SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 20-24-7-13(h) states:

"A virtual charter school shall adopt a student engagement policy. A student who regularly fails to participate in courses may be withdrawn from enrollment under policies adopted by the virtual charter school. The policies adopted by the virtual charter school must ensure that:

- (1) adequate notice of the withdrawal is provided to the parent and the student; and
- (2) an opportunity is provided, before the withdrawal of the student by the virtual charter school, for the student or the parent to demonstrate that failure to participate in the course is due to an event that would be considered an excused absence under [IC 20-33-2](#)."

The Indiana Department of Education (IDOE) has released guidance for reporting ADM information and requires supporting documentation of enrollment and attendance information by grade and school to be signed by the building principle, or head of school, and made available in the event of an audit. There is no further guidance as to what the terms "enrolled" and "attending" mean outside of IC 20-43-1. Therefore we are of the audit position that each school should adopt a **student engagement policy** which would mirror the requirements set forth for virtual charter schools in IC 20-24-7-13(h). (The School Bulletin and Uniform Compliance Guidelines, December 2019)

SHENANDOAH SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2024, with Drew Cooper, Business Manager; Dr. Kyle Barrantine, Superintendent of Schools; and Scott Trennepohl, President of the School Board.