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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Charter School Board
Steel City Academy, Inc.
Lake County, Indiana

We have reviewed the supplemental report for the Steel City Academy, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on page 3. Management's response is on page 5.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Supplemental Audit Report of

Steel City Academy, Inc.
Gary, Indiana

July 1, 2023 to June 30, 2024



Steel City Academy, Inc.

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Steel City Academy, Inc.
Gary, Indiana
School Officials
July 1, 2023 to June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Directors	Dr. Catherine Burns	07/01/23 – 06/30/24
Operations Manager	Anthony Washington	07/01/23 – 06/30/24
Head of School	Katherine Kirley	07/01/23 – 06/30/24



Donovan CPAs

The Board of Directors
Steel City Academy, Inc.
Gary, Indiana

We audited the financial statements of Steel City Academy, Inc. (the School) as of and for the year ended June 30, 2024 and issued our report thereon dated February 27, 2025. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters we believe the School was not in compliance with those provisions.

Donovan CPAs
Indianapolis, Indiana
February 27, 2025

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Steel City Academy, Inc.
Gary, Indiana
Audit Results and Comments
July 1, 2023 to June 30, 2024

Receipts and Deposits

We selected a sample of twenty-five receipts for testing. All of the twenty-five receipts were not deposited in a timely manner. Untimely deposits ranged from six to one hundred and three days from the date of receipt and were between \$10 and \$60 in individual receipt amount.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Annual Financial Report

The School did not submit its Annual Financial Reports (AFRs) within 60 days following its fiscal year end (submitted November 19, 2024).

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Required Reports – Form 9 Reporting

We reviewed both biannual Form 9 reports filed by the School to the Indiana Department of Education for the 2023–2024 school year. Individual fund balances reported on the Form 9 did not agree with the fund activity per the financial records. In particular, fund balances for federal grants did not reflect the ending balances for those grants.

A fund, as used in the manual, represents money set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Steel City Academy, Inc.
Gary, Indiana
Exit Conference
July 1, 2023 to June 30, 2024

The contents of this report were discussed on February 27, 2025 with Katie Kirley (Executive Director), Prentis Bridges (Grants Clerk), Shirletta Hunter (Finance Coordinator). The official response has been made a part of this report and may be found on page 5.

Wednesday, February 26th, 2025

Below you will find Steel City Academy's official response to the Single Audit findings:

To ensure Steel City Academy strengthens its financial oversight and addresses audit findings effectively, several corrective measures will be implemented.

Finding One: Internal Control Over Receipts and Deposits

One key area requiring immediate attention is the internal control over receipts and deposits. The audit revealed delays in depositing funds. To address this, Steel City Academy will lead training for our new Grants Clerk in regards to the Same-Day Deposit Policy, requiring that all funds received be deposited by the end of the next business day. Our Grants Clerk will be responsible for tracking and reporting daily deposits to ensure compliance.

Additionally, the Executive Director will conduct quarterly internal audits to monitor adherence to this policy, including a monthly review of deposit logs to identify discrepancies. To further prevent delays, we have also transitioned to RevTrak, an electronic payment platform, to minimize reliance on cash collection and manual deposits.

Finding Two: Timeliness of Annual Financial Reporting to SBOA

The audit also identified concerns regarding the timeliness of financial reporting, specifically the late submission of the Annual Financial Report (AFR) beyond the 60-day deadline following the fiscal year-end. To prevent future delays, we are implementing an internal submission deadline of August 15, two weeks ahead of the state's requirement. This will allow sufficient time for review and approval by leadership. Additionally, we have added this report to our end-of-year reporting calendar. Previously, the AFR was not included in our financial reporting schedule, which we review weekly for submissions to entities such as the DOE, INMAC, and ICSB. Ensuring it is part of our structured review process will help prevent future oversights.

Finding Three: Inaccuracies in Form 9 Reporting

The audit identified discrepancies in Form 9 reporting, particularly inconsistencies between reported fund balances and actual financial records, most notably for federal grants. To address this, the finance team will conduct monthly reconciliations of Form 9 fund balances with QuickBooks and Low fund balances, ensuring accuracy before submission. Previously, federal grant balances were tracked semi-annually; moving forward, we will monitor them on a monthly basis to enhance financial oversight. Additionally, we recognize that staff transitions contributed to challenges in preparing this extensive financial report. To strengthen our team's capacity, we have partnered with a local charter school CFO who has trained and will mentor our Finance Coordinator on the most efficient and accurate processes for completing this report successfully.