

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

FEDERAL COMPLIANCE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF STEUBEN COUNTY
STEUBEN COUNTY, INDIANA

July 1, 2018 to June 30, 2020



FILED
07/23/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-16
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	18-19
Corrective Action Plan	20-21
Other Reports.....	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Monte VanGessel Karen S. Eagleson	07-01-18 to 06-30-20 07-01-20 to 06-30-21
Superintendent of Schools	Dr. Brent A. Wilson	07-01-18 to 06-30-21
President of the School Board	LeAnn Boots Cory Archbold	07-01-18 to 12-31-19 01-01-20 to 06-30-21



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Steuben County (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated May 17, 2021, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 17, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Steuben County's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2018 to June 30, 2020.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

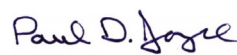
The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated May 17, 2021, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

May 17, 2021

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Food Service Breakfast			FY 2018-2019	\$ -	\$ 124,827	\$ -	\$ -
Food Service Breakfast			FY 2019-2020	-	-	-	86,035
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	FY 2019-2020	-	-	-	7,923
Total - School Breakfast Program				-	124,827	-	93,958
National School Lunch Program							
Food Service Lunch	Indiana Department of Education	10.555					
Food Service Lunch			FY 2018-2019	-	619,946	-	-
Commodities			FY 2019-2020	-	-	-	430,849
Commodities			FY 2018-2019	-	119,172	-	-
Commodities			FY 2019-2020	-	-	-	99,555
Sub-total - National School Lunch Program				-	739,118	-	530,404
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2019-2020	-	-	-	40,212
Total - National School Lunch Program				-	739,118	-	570,616
Summer Food Service Program for Children							
Food Service Summer Feed	Indiana Department of Education	10.559					
Food Service Summer Feed			FY 2018-2019	-	6,559	-	-
			FY 2019-2020	-	-	-	9,525
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2019-2020	-	-	-	182,522
Total - Summer Food Service Program for Children				-	6,559	-	192,047
Total - Child Nutrition Cluster				-	870,504	-	856,621
Total - Department of Agriculture				-	870,504	-	856,621
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2018 Federal Part B 611			18611-044-PN01	-	77,162	-	-
FY2019 Federal Part B 611			19611-044-PN01	-	482,944	-	115,743
FY2020 Federal Part B 611			20611-042-PN01	-	-	-	531,630
Total - Special Education Grants to States				-	560,106	-	647,373

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2019 and 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY2019 Federal Preschool 619			19619-044-PN01	-	19,475	-	-
FY2020 Federal Preschool 619			20619-042-PN01	-	-	-	19,933
Total - Special Education Preschool Grants				-	19,475	-	19,933
Total - Special Education Cluster (IDEA)				-	579,581	-	667,306
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2017-18 Fund 4170			S010A170014	-	95,772	-	-
Title I 2018-19 Fund 4180			S010A180014	-	278,467	-	94,078
Title I 2019-20 Fund 4119			S010A190014	-	-	-	289,673
Total - Title I Grants to Local Educational Agencies				-	374,239	-	383,751
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2017-18 Fund 6887			S365A170014	-	2,675	-	-
Title III 2018-19 Fund 6888			S365A180014	-	10,599	-	2,373
Title III 2019-20 Fund 6889			S365A190014	-	-	-	7,261
Total - English Language Acquisition State Grants				-	13,274	-	9,634
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 2018-19 Fund 6848			S367A170013	-	41,014	-	32,353
Title II Part A 2019-20 Fund 6849			S367A180013	-	22,893	-	66,619
Total - Supporting Effective Instruction State Grants				-	63,907	-	98,972
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A Fund 5818			S424A170015	-	53,540	-	2,276
Title IV Part A Fund 5808			S424A180015	-	20,892	-	9,125
Title IV Part A Fund 5819			S424A190015	-	-	-	21,716
Total - Student Support and Academic Enrichment Program				-	74,432	-	33,117
Total - Department of Education				-	1,105,433	-	1,192,780
Total federal awards expended				\$ -	\$ 1,975,937	\$ -	\$ 2,049,401

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2019 and 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Child Nutrition Cluster - Eligibility
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Eligibility
 Audit Finding: Material Weakness

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

A list of students that qualified for free and reduced-price meals through direct certification was downloaded from the Department of Education website, and imported into the school lunch program. However, there was no documented internal controls in place to ensure the data was uploaded on a timely basis.

The lack of internal controls was a systemic issue that occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls related to the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-002

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program,
National School Lunch Program, COVID-19 - National School
Lunch Program, Summer Food Service Program for Children,
COVID-19 - Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2018-2019, FY 2019-2020

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Costs Principles compliance requirement.

The School Corporation transferred \$20,000, from the School Lunch fund, in both fiscal years 2018-2019 and 2019-2020 to pay for janitorial services provided by the School Corporation's maintenance workers for time spent on School Lunch activities. An indirect cost rate was not used to determine the appropriate amount to transfer, nor was there School Board approval in either year that deemed the amount appropriate for the services provided.

The lack of internal controls and noncompliance were isolated to the two transfers noted. The transfers occurred in both years.

Criteria

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

Indiana Department of Education's *Frequently Asked Questions Related to Indirect Cost Rates* states:

"The Indirect Cost Rate calculated by the Office of School Finance sets the maximum rate a Local Education Agency can use. A Local Education Agency, however, is allowed to use any amount below the rate calculated by the Office of School Finance to the extent the funds are available."

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs of \$40,000 were identified in the *Condition and Context*.

Recommendation

We recommended that the School Corporation's management establish an internal control system to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ www.msdssteuben.k12.in.us

Dr. Brent A. Wilson
Superintendent

September 30, 2020

Mrs. Ann Rice
Assistant Superintendent

Mrs. Schauna Relue
Director of Curriculum &
Instruction

State Board of Accounts
Indianapolis, IN

Mrs. Chantell Manahan
Technology Director

Mrs. Karen Eagleson
Business Manager/CFO

**Mrs. Stephanie Haynes-
Clifford**
Food Service Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Mr. Gary Puckett
Transportation Director

FINDING 2018-001

Mr. Heath Wagner
Facilities & Grounds
Director

Fiscal year in which the finding initially occurred: 2018

Ms. Kathy Bahr
Special Education
Coordinator


Status of Audit Finding:

BOARD OF SCHOOL TRUSTEES

MSD is following the guidelines for reporting commodities presented by the State Board of Accounts and the NEISEC has provided the allocation numbers to MSD certified by two officials of NEISEC.

Mr. Cory Archbold
President

Mrs. LeAnn Boots
Vice President



Mr. Case Gilbert
Secretary

Karen S. Eagleson
Business Manager/CFO

Mr. Kevin Beard
Member

KSE/sln

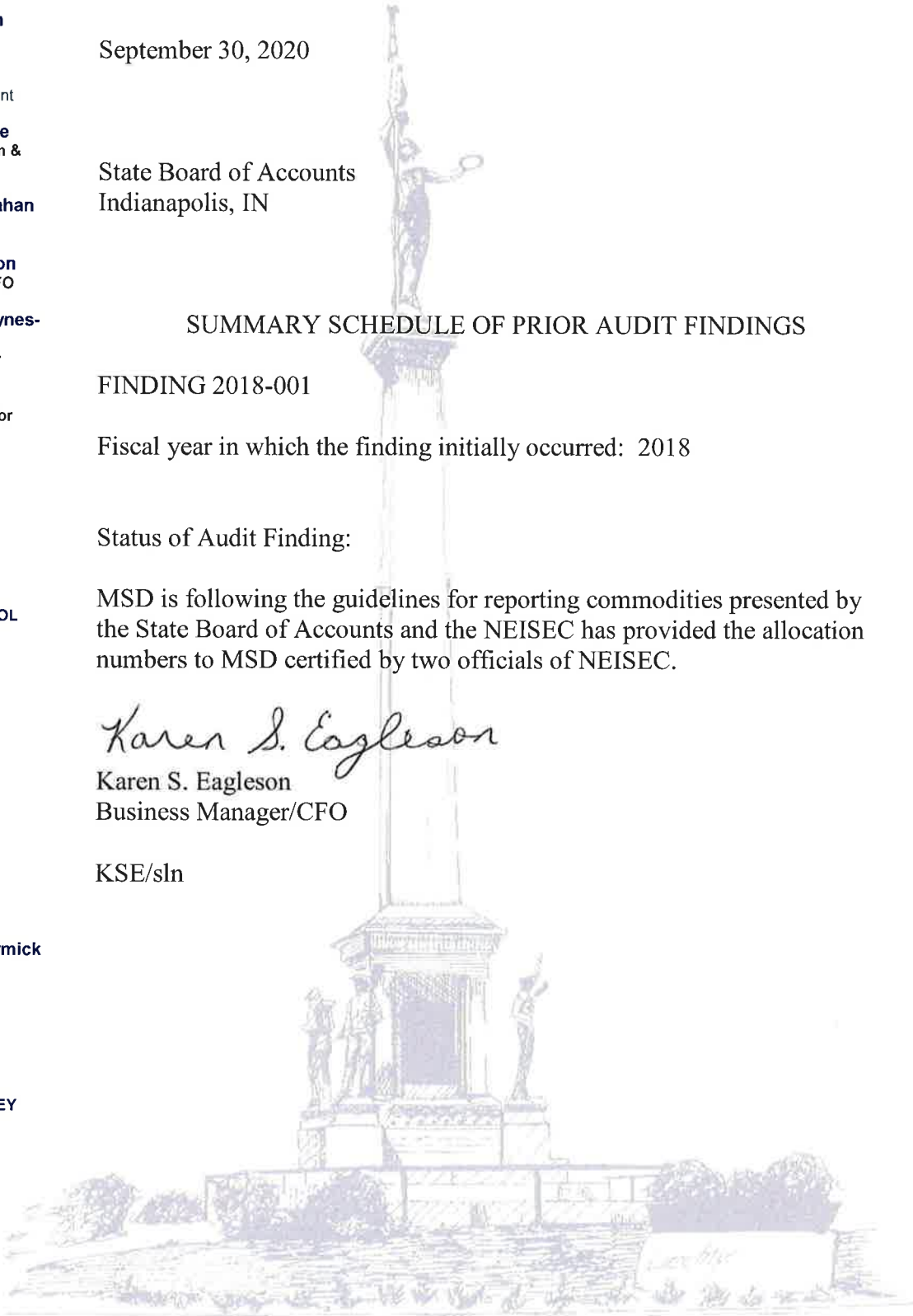
Mr. Brad Gardner
Member

Mrs. Marilyn McCormick
Member

Mr. Scott Poor
Member

SCHOOL ATTORNEY

Mr. Kim E. Shoup



This institution is an equal opportunity provider.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ www.msdsteuben.k12.in.us

Dr. Brent A. Wilson
Superintendent

Mrs. Ann Rice
Assistant Superintendent

Mrs. Schauna Relue
Director of Curriculum &
Instruction

Mrs. Chantell Manahan
Technology Director

Mrs. Karen Eagleson
Business Manager/CFO

**Mrs. Stephanie Haynes-
Clifford**
Food Service Director

Mr. Gary Puckett
Transportation Director

Mr. Heath Wagner
Facilities & Grounds
Director

Ms. Kathy Bahr
Special Education
Coordinator

BOARD OF SCHOOL TRUSTEES

Mr. Cory Archbold
President

Mrs. LeAnn Boots
Vice President

Mr. Case Gilbert
Secretary

Mr. Kevin Beard
Member

Mr. Brad Gardner
Member

Mrs. Marilyn McCormick
Member

Mr. Scott Poor
Member

SCHOOL ATTORNEY

Mr. Kim E. Shoup

September 30, 2020

State Board of Accounts
Indianapolis, IN

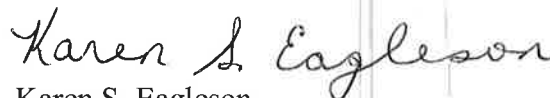
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

MSD Food Service is maintaining separate copies of audited applications in a separate file for easy audit retrieval.



Karen S. Eagleson
Business Manager/CFO

KSE/sln

This institution is an equal opportunity provider.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ www.msdssteuben.k12.in.us

Dr. Brent A. Wilson
Superintendent

Mrs. Ann Rice
Assistant Superintendent

Mrs. Schauna Relue
Director of Curriculum &
Instruction

Mrs. Chantell Manahan
Technology Director

Mrs. Karen Eagleson
Business Manager

Mrs. Stephanie Haynes-Clifford
Food Service Director

Mr. Gary Puckett
Transportation Director

Ms. Kathy Bahr
Special Education
Coordinator

BOARD OF SCHOOL TRUSTEES

Mr. Cory Archbold
President

Mr. Kevin Beard
Vice President

Mrs. LeAnn Boots
Secretary

Mr. Brad Gardner
Member

Mrs. Becky Maggart
Member

Mr. Scott Poor
Member

Mr. Mark Ridenour
Member

SCHOOL ATTORNEY

Mr. Kim E. Shoup

Corrective Action Plan

Finding 2020-001

Contact Person Responsible for Corrective Action: Stephanie Haynes-Clifford

Contact Phone Number: 260 665 2854 extension 1202

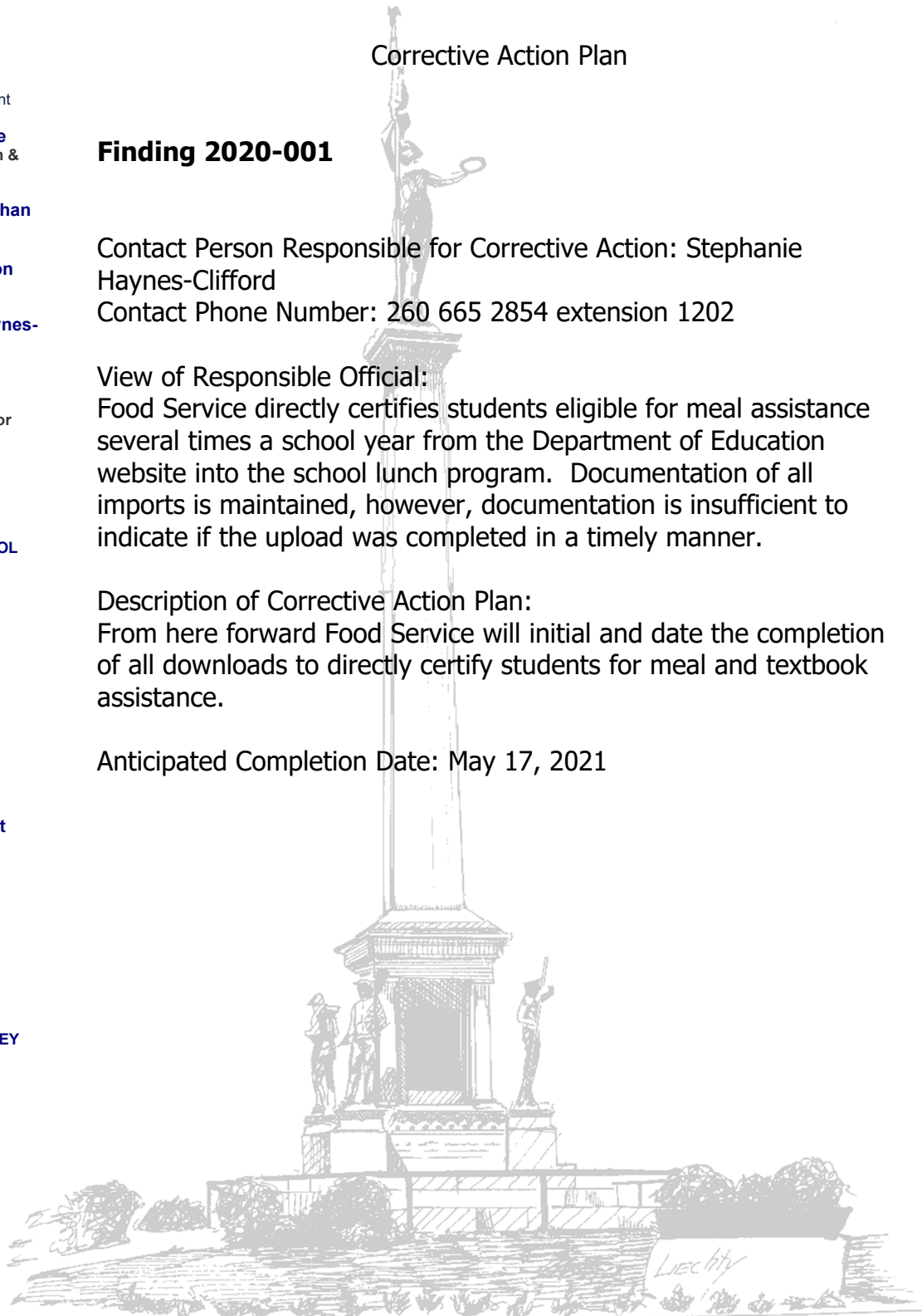
View of Responsible Official:

Food Service directly certifies students eligible for meal assistance several times a school year from the Department of Education website into the school lunch program. Documentation of all imports is maintained, however, documentation is insufficient to indicate if the upload was completed in a timely manner.

Description of Corrective Action Plan:

From here forward Food Service will initial and date the completion of all downloads to directly certify students for meal and textbook assistance.

Anticipated Completion Date: May 17, 2021



METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ www.msdssteuben.k12.in.us

Dr. Brent A. Wilson
Superintendent

Mrs. Ann Rice
Assistant Superintendent

Mrs. Schauna Relue
Director of Curriculum &
Instruction

Mrs. Chantell Manahan
Technology Director

Mrs. Karen Eagleson
Business Manager

**Mrs. Stephanie Haynes-
Clifford**
Food Service Director

Mr. Gary Puckett
Transportation Director

Ms. Kathy Bahr
Special Education
Coordinator

BOARD OF SCHOOL TRUSTEES

Mr. Cory Archbold
President

Mr. Kevin Beard
Vice President

Mrs. LeAnn Boots
Secretary

Mr. Brad Gardner
Member

Mrs. Becky Maggart
Member

Mr. Scott Poor
Member

Mr. Mark Ridenour
Member

SCHOOL ATTORNEY

Mr. Kim E. Shoup

Corrective Action Plan

Finding 2020-002

Contact Person Responsible for Corrective Action: Stephanie Haynes-Clifford

Contact Phone Number: 260 665 2854 extension 1202

View of Responsible Official:

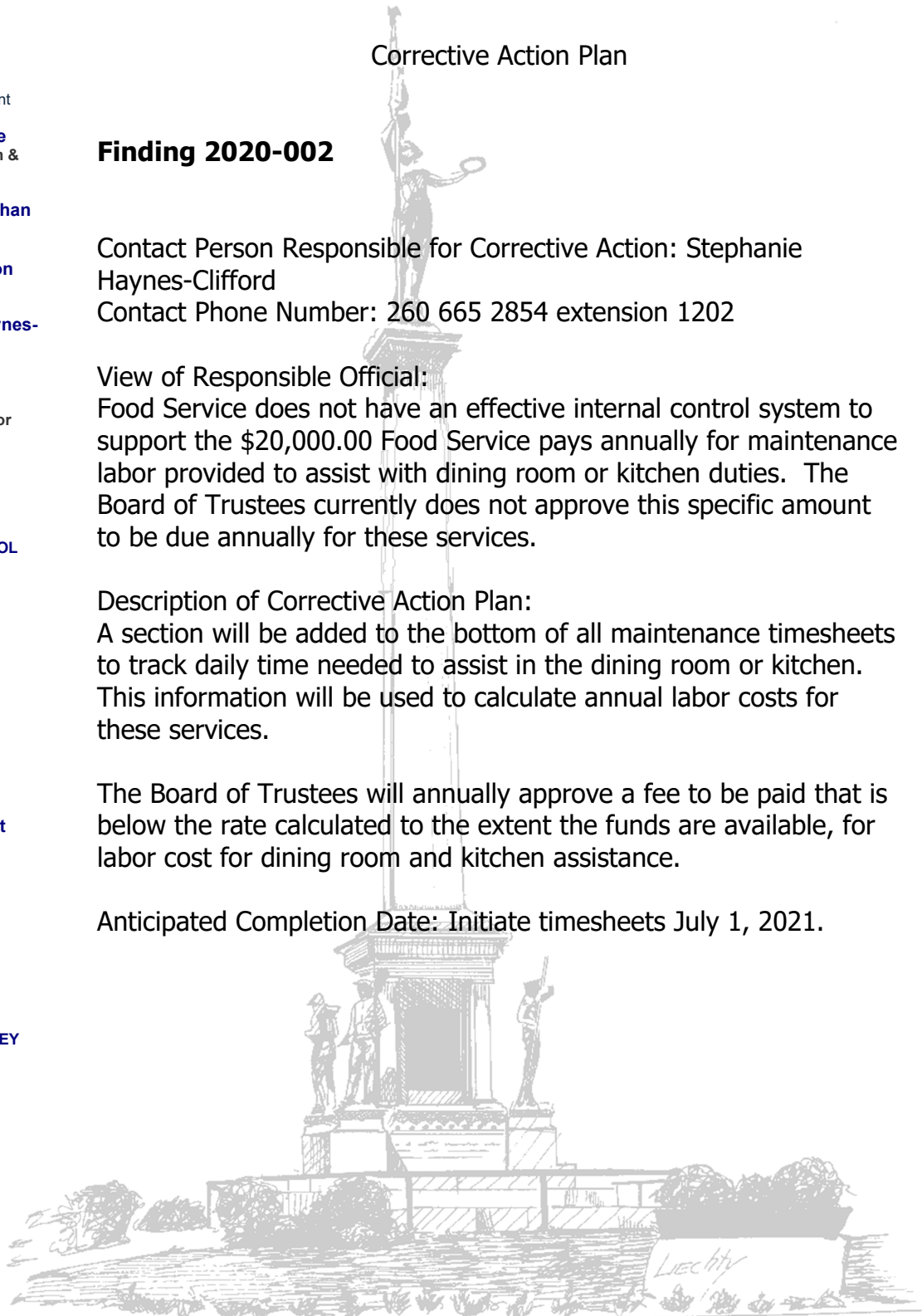
Food Service does not have an effective internal control system to support the \$20,000.00 Food Service pays annually for maintenance labor provided to assist with dining room or kitchen duties. The Board of Trustees currently does not approve this specific amount to be due annually for these services.

Description of Corrective Action Plan:

A section will be added to the bottom of all maintenance timesheets to track daily time needed to assist in the dining room or kitchen. This information will be used to calculate annual labor costs for these services.

The Board of Trustees will annually approve a fee to be paid that is below the rate calculated to the extent the funds are available, for labor cost for dining room and kitchen assistance.

Anticipated Completion Date: Initiate timesheets July 1, 2021.



OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.