

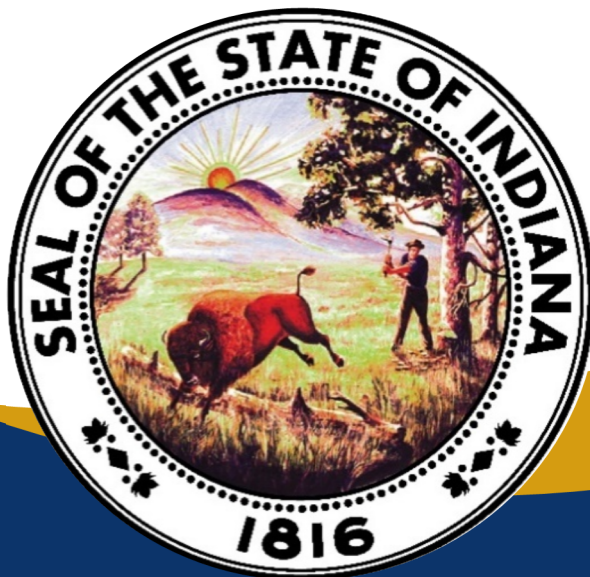
**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT  
OF

NETTLE CREEK SCHOOL CORPORATION  
EXTRACURRICULAR ACCOUNTS  
WAYNE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**  
01/29/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Corporation Treasurer	Andrew R. Cooper	07-01-21 to 07-08-22
	(Vacant)	07-09-22 to 07-11-22
	Hayley Charles	07-12-22 to 05-05-23
	(Vacant)	05-06-23 to 07-02-23
	Amber Rushton	07-03-23 to 06-30-25
Superintendent of Schools	Dr. Kyle Barrentine	07-01-21 to 06-30-22
	Emily Schaeffer	07-01-22 to 06-30-25
President of the School Board	Daniel J. Davis	07-01-21 to 12-31-23
	Shaun Lieberman	01-01-24 to 06-30-25



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE NETTLE CREEK SCHOOL CORPORATION,  
EXTRACURRICULAR ACCOUNTS, WAYNE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Nettle Creek School Corporation, Extracurricular Accounts (School ECAs), for the period of July 1, 2021 to June 30, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the School ECAs as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds and what reports are required to be prepared and filed.

We fulfilled our responsibility as detailed in the first paragraph, by applying procedures over cash, receipts, and disbursements. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the School ECAs' reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Amber Rushton, School Corporation Treasurer; Emily Schaeffer, Superintendent of Schools; and Shaun Lieberman, President of the School Board, on January 27, 2025.

Beth Kelley, CPA, CFE  
Deputy State Examiner

November 13, 2024

NETTLE CREEK SCHOOL CORPORATION  
EXTRACURRICULAR ACCOUNTS  
COMMENTS

**BANK ACCOUNTS**

*Condition and Context*

The Extracurricular Account (School ECA) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to School ECA bank accounts.

The School ECA funds and School Corporation funds are improperly comingled in the same bank account for fiscal years ended June 30, 2022 and 2023.

*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. . . ."

Indiana Code 20-41-1-9(a) states:

"The treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay. The account is known as the school extracurricular account. The records of each organization, class, or activity shall be kept separate so that the balance in each fund may be known at all times."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The School ECA had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to required monthly and annual uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system.

School ECA Treasurers are responsible for completing required monthly uploads in Gateway.

NETTLE CREEK SCHOOL CORPORATION  
EXTRACURRICULAR ACCOUNTS  
COMMENTS  
(Continued)

For the fiscal year ended June 30, 2022, the School ECA did not upload any of the required documents. Required documents consist of Monthly Bank Account Reconciliations, Bank Statements, Outstanding Checks Lists, and Funds Ledgers.

*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:

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The following files and governmental unit information are required to be uploaded MONTHLY by all units except as noted: . . .

For School Extracurricular Accounts (ECAs):

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists

(Amended State Examiner Directive 2018-1)

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 Extracurricular Accounts, Chapter 5)

**ECA RISK REPORT**

*Condition and Context*

The School ECA had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would be effective in preventing, or detecting and correcting, noncompliance related to the School ECA Risk Report filed via the Indiana Gateway for Government Units financial reporting system.

NETTLE CREEK SCHOOL CORPORATION  
EXTRACURRICULAR ACCOUNTS  
COMMENTS  
(Continued)

The School ECA Risk Report - Schedule of Balances, Receipts, and Expenditures reported an ending cash and investment balance for fiscal year ended June 30, 2022, that did not agree with the reported beginning cash and investment balance for fiscal year ended June 30, 2023, by \$358,866. This variance was due to the School ECA not reporting the expenditures in the School ECA Risk Report for fiscal year ended June 30, 2022.

Also, the School ECA's submitted School ECA Risk Report - Cash Reconcilements did not agree to the School ECA Risk Report - Schedule of Balances, Receipts, and Expenditures in fiscal year ended June 30, 2022, due to expenditures not being reported the School ECA Risk Report for fiscal year ended June 30, 2022.

*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. . . ."

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](#)."