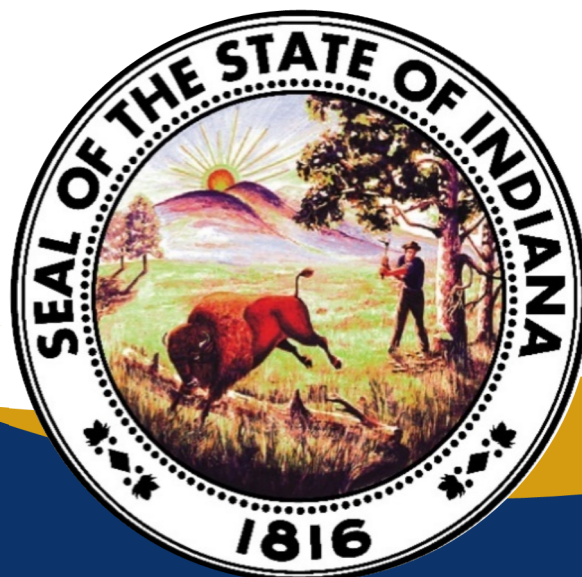


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
NEW PALESTINE COMMUNITY SCHOOLS
HANCOCK COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/12/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Corporation Treasurer	Robert Yoder Sarah Gizzi	07-01-22 to 08-31-24 09-01-24 to 06-30-25
Superintendent of Schools	Dr. Lisa Lantrip Dr. Gina Pleak	07-01-22 to 06-30-24 07-01-24 to 06-30-25
President of the School Board	Daniel Walker Laura Haeberle	07-01-22 to 01-07-24 01-08-24 to 06-30-25



Paul D. Joyce, CPA
State Examiner

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 NEW PALESTINE COMMUNITY
SCHOOLS, HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of the New Palestine Community Schools (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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 4, 2025

NEW PALESTINE COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Condition and Context

The School Corporation adopted a Student Admission/Enrollment Policy in September 2022 requiring the School Corporation to annually obtain documentation for proof of residency when enrolling a student. Due to a lack of internal controls, the School Corporation did not follow its adopted policy for residency verification related to eligible pupils. We were unable to determine that 15 of 30 students tested were eligible pupils due to lack of supporting documentation. The School Corporation did not retain documentation of residency for those 15 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.

NEW PALESTINE COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT
(Continued)

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)

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. . . ."

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)

NEW PALESTINE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2025, with Sarah Gizzi, Business Manager/Corporation Treasurer; Dr. Gina Pleak, Superintendent of Schools; Laura Haeberle, President of the School Board; and Ashlie Worth, Deputy Treasurer.