

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NETTLE CREEK SCHOOL CORPORATION

WAYNE COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**

02/28/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
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
Superintendent of Schools	Amber Rushton	07-03-23 to 06-30-24
	Dr. Kyle Barrentine	07-01-21 to 06-30-22
	Emily Schaeffer	07-01-22 to 06-30-24
President of the School Board	Daniel J. Davis	07-01-21 to 12-31-23
	Shaun Lieberman	01-01-24 to 06-30-24



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 NETTLE CREEK SCHOOL CORPORATION, WAYNE 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 Nettle Creek School Corporation (School Corporation), for the period of July 1, 2021 to June 30, 2023, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 20, 2024, 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.

***Report on 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) as a basis for designing 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

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)

***Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

***Nettle Creek School Corporation's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the 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 the financial statement, and, accordingly, we express no opinion on it.

***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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

February 20, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 NETTLE CREEK SCHOOL CORPORATION, WAYNE COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the Nettle Creek School Corporation'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 its major federal program for the period of July 1, 2021 to June 30, 2023. The School Corporation's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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 its major federal program for the period of July 1, 2021 to June 30, 2023.

**Basis for Opinion on the Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***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 items 2023-003 and 2023-004. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003 and 2023-004, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other 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 THE 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, 2021 to June 30, 2023, and the related notes to the financial statement. We issued our report thereon dated February 20, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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.



Beth Kelley, CPA, CFE  
Deputy State Examiner

February 20, 2024

## 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.

NETTLE CREEK SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Food Program Breakfast			8305	\$ -	\$ 129,817	\$ -	\$ 121,022
National School Lunch Program	Indiana Department of Education	10.555					
Food Program Lunch			8305	-	504,006	-	380,435
Supply Chain Assistance				-	-	-	65,225
Commodities				-	18,837	-	33,149
Total - National School Lunch Program				-	522,843	-	478,809
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Food Program-Summer			8305	-	25,847	-	3,398
Total - Child Nutrition Cluster				-	678,507	-	603,229
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Food Program Supper			8305	-	33,269	-	41,776
Total - Department of Agriculture				-	711,776	-	645,005
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Spec Ed Federal Part B 611 Grant			21611-040-PN01	-	137,467	-	-
			22611-040-PN01	-	183,458	-	140,229
			23611-040-PN01	-	-	-	140,058
Subtotal - Special Education Grants to States				-	320,925	-	280,287
COVID-19 - Special Education Grants to States	Indiana Department of Education	84.027X					
Spec Ed Federal Part B 611 Grant			22611-040-ARP	-	26,815	-	32,545
Total - Special Education Grants to States				-	347,740	-	312,832
Special Education Preschool Grants	Indiana Department of Education	84.173					
Spec Ed Federal Preschool 619 Grant			21619-040-PN01	-	4,398	-	-
			22619-040-PN01	-	9,977	-	4,650
			23619-040-PN01	-	-	-	8,124
Subtotal - Special Education Preschool Grants				-	14,375	-	12,774
COVID-19 - Special Education Preschool Grants	Indiana Department of Education	84.173X					
Spec Ed Federal Preschool 619 Grant			22619-040-ARP	-	4,897	-	427
Total - Special Education Preschool Grants				-	19,272	-	13,201
Total - Special Education Cluster (IDEA)				-	367,012	-	326,033

NETTLE CREEK SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2022 and 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-22	Total Federal Awards Expended 06-30-22	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Grant			S010A200014	-	91,037	-	-
Title I Grant			S010A210014	-	146,511	-	74,736
Title I Grant			S010A220014	-	-	-	164,281
Total - Title I Grants to Local Educational Agencies				-	237,548	-	239,017
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Grant Part A			S367A190013	-	34,187	-	-
Title II Grant Part A			S367A20013-20A	-	8,926	-	32,593
Title II Grant Part A			S367A210013	-	-	-	34,436
Title II Grant Part A			S367A220013	-	-	-	27,220
Total - Supporting Effective Instruction State Grants				-	43,113	-	94,249
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV Part A Grant			S424A170015	-	10,058	-	-
Title IV Part A Grant			S424A170015	-	-	-	19,840
Total - Student Support and Academic Enrichment Program				-	10,058	-	19,840
COVID-19 - Education Stabilization Fund	Indiana Department of Education	84.425					
CARES		84.425C	S425C200018	-	12,225	-	-
CARES		84.425D	S425D200013	-	8,868	-	-
CARES		84.425D	S425D210013	-	422,579	-	188,056
CARES		84.425D	S425D200013	-	-	-	39,840
ESSER II		84.425U	S425U210013	-	600,867	-	711,753
Total - COVID-19 - Education Stabilization Fund				-	1,044,539	-	939,649
Total - Department of Education				-	1,702,270	-	1,618,788
Total federal awards expended				\$ -	\$ 2,414,046	\$ -	\$ 2,263,793

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

NETTLE CREEK SCHOOL CORPORATION  
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, 2022 and 2023. 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. New Castle Area Program for Exceptional Children**

The School Corporation is a member of the New Castle Area Program for Exceptional Children (Cooperative). As a result, the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is presented in the financial statement of the Cooperative's fiscal agent.

NETTLE CREEK SCHOOL CORPORATION  
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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.425	COVID-19 - Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2023-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The School Corporation is required to file financial reports not later than 60 days after the close of each fiscal year. The reports are to be filed electronically as prescribed.

The School Corporation had not properly designed and implemented internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared and submitted the SEFA; however, there was not documented evidence of a review or approval process to prevent, or detect and correct, errors on the SEFA prior to submission.

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Due to the lack of internal controls, the SEFA presented for audit included the following errors:

1. The School Breakfast Program expenditures were overstated by \$216,401 in fiscal year 2021-2022, and understated by \$19,528 in 2022-2023.
2. The National School Lunch Program expenditures were understated by \$176,624 and \$72,738 in 2021-2022 and 2022-2023, respectively.
3. The Summer Food Service Program for Children expenditures were overstated by \$65,688 in 2021-2022.
4. The Child and Adult Care Food Program expenditures were understated by \$19,643 in 2022-2023.
5. The Title I Grants to Local Educational Agencies program expenditures were understated by \$144,878 in 2022-2023.
6. The Supporting Effective Instruction State Grants program expenditures were understated by \$57,101 in 2022-2023.
7. The COVID-19 - Education Stabilization Fund program expenditures were understated by \$613,092 and \$845,919 in 2021-2022 and 2022-2023, respectively.
8. Two grants were included in error which overstated federal expenditures by \$90,083.
9. Other errors included incorrect program names, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*Criteria*

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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:

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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. . . ."

*Cause*

Management of the School Corporation had not established a system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**FINDING 2023-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts and financial close and reporting.

*Receipts*

The School Corporation had not separated incompatible activities related to receipts. The assistant to the Treasurer posted receipts to the accounting system without a documented oversight, review, or approval process to ensure that all receipt activity was accurately recorded.

*Financial Close and Reporting*

The School Corporation is required to file financial reports not later than 60 days after the close of each fiscal year. The reports are to be filed electronically as prescribed.

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not properly designed and implemented internal controls over financial close and reporting. The Treasurer prepared and submitted the Annual Financial Report into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. However, there were no documented evidence of a review or approval process to prevent, or detect and correct errors, in the financial information prior to submission.

Due to the lack of internal controls, the financial statement presented for audit included the following errors:

Years	Fund	Beginning Cash and Investments (Under)/Overstated	Receipts (Under)/Overstated	Disbursements (Under)/Overstated	Ending Cash and Investments (Under)/Overstated
2022-2023	Net Pay	\$ -	\$ (4,679,197)	\$ -	\$ (4,679,197)
2022-2023	Insurance	-	(118,353)	(118,353)	-
2021-2022	Operations	-	(880,000)	880,000	(1,760,000)
2021-2022	Extra-Curricular funds incorrectly included	175,445	360,843	359,674	176,614
2022-2023	Extra-Curricular funds incorrectly included	176,614	666,893	124,419	719,088

*Criteria*

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

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. . . ."

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

*Cause*

Management of the School Corporation had not established a system of internal controls that would have ensured proper reporting of the financial statement.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-003**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,  
S425U210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. The School Corporation was required to submit annual data reports to the Indiana Department of Education (IDOE) via JotForm, a form/report builder. Data to be submitted included, but was not limited to, current period expenditures, prior period expenditures, and expenditures per activity.

During the audit period the School Corporation submitted two ESSER I reports, two ESSER II reports, and two ESSER III reports, for a total of six reports. The annual data reports were compiled, prepared, and submitted by the Business Manager without an oversight or review process in place to prevent, or detect and correct, errors.

In addition, the ESSER II, Year 1 report was not properly supported by the School Corporation's records. The School Corporation had expenditures of \$352,726; however, the amount reported to the IDOE was zero.

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to the ESSER II, Year 1 report.

*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). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, an ESSER report was not accurate and complete.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure all reports submitted on behalf of the Education Stabilization Fund program funds are accurate and complete.

*Views of Responsible Officials*

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

**FINDING 2023-004**

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013,  
S425U210013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation hired a consultant to compile and provide to them a fixed asset report that was to contain all inventory and assets purchased that exceeded the School Corporation's capitalization threshold through June 30, 2023. The consultant prepared the report; however, the School Corporation did not have any policies or procedures in place to ensure the listing was complete, nor was there any documentation that differences between the compiled asset report and the School Corporation's equipment records were reviewed and resolved.

A property record or capital asset listing would include the following for each asset: a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property, is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold.

During the audit period, the School Corporation purchased three assets with ESSER funds. Two of the three assets, totaling \$68,459, were not included on the asset listing prepared by the consultant.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

NETTLE CREEK SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(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). . . ."

2 CFR 200.313(d)(1) states:

"Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property."

2 CFR 200.313(d)(2) states: "A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the School Corporation's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, assets purchased with federal dollars, ESSER funds, were not properly added to the School Corporation's asset listing. In addition, assets on the listing did not denote whether federal funds were used to acquire the asset, nor were any discrepancies in the records reconciled.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the necessary information, new assets are properly added, and any discrepancies are reconciled.

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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

Nettle Creek School Corporation  
297 E. Northmarket Street  
Hagerstown, IN 47346  
765-489-4543  
[www.nettlecreekschools.com](http://www.nettlecreekschools.com)  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-001**

**Fiscal year in which the finding initially occurred: FY 21 (2020-2021) June 2021**  
**Current Audit Period: (2021-2023)**

#### **Finding Subject:**

#### **Summary of Finding:**

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 20611 grant award could not be verified for the individual member schools. The non-public school share funds for all member schools were comingled and the aggregate amount of expenditures was then allocated to the member schools on a percentage basis. These allocations were the amounts reported to IDOE. As such, we were unable to identify which expenditures were for each school in order to verify the minimum amount per the grant award was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance was isolated to the 20611 grant award. The School Corporation's Non-Public Proportionate Share earmarking requirement was \$12,697 for the 20611 grant award.

#### **Status of Audit Finding:**

*Fully Corrected and the original corrective action was implemented*

#### **Response Comments:**

*No additional comments required per instructions for this form*

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*Mrs. Emily Schaeffer, Superintendent*  
*Mrs. Amber Rushton, Business Manager*

*Mrs. Elizabeth Bryant, Director of Learning*  
*Mrs. Sarah Buroker, Executive Secretary*

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-001***

**Finding Subject:** Preparation of the Schedule of Expenditures of Federal Awards

**Summary of Finding:**

The School Corporation had not implemented effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School's Schedule of Expenditures of Federal Awards (SEFA). The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The School Breakfast Program expenditures were overstated by \$216,401 in fiscal year 2021-2022 and understated by \$19,528 in fiscal year 2022-2023
2. The National School Lunch Program expenditures were understated by \$176,624 in fiscal year 2021-2022 and understated by \$72,738 in fiscal year 2022-2023.
3. The Summer Food Service Program expenditures were overstated by \$65,688 in fiscal year 2021-2022.
4. The Child and Adult Food Care Program expenditures were understated by \$19,643 in fiscal year 2022-2023.
5. The Title I Grants to Local Educational Agencies program expenditures were understated by \$144,878 in fiscal year 2022-2023
6. The Supporting Effective Instruction State Grants program expenditures were understated by \$57,101 in fiscal year 2022-2023
7. The Education Stabilization Fund program expenditures were understated by \$613,092 in fiscal year 2021-2022 and understated by \$845,919 in fiscal year 2022-2023.
8. Other errors include state grants listed, incorrect program names, pass-through entities, and identifying numbers

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

**Contact Person Responsible for Corrective Action:** Amber Rushton

**Contact Phone Number and Email Address:**

Phone Number: (765) 489-4543

Email Address: arushton@nettlecreek.k12.in.us

**Views of Responsible Officials:**

*"We concur with the finding."*

**Description of Corrective Action Plan:**

We will develop two internal control systems to track expenditures for the grants listed above, including our grants that are not listed. One internal control will be a binder for each grant that will hold the grant application approval letters, the budget spreadsheet, all reimbursements submitted, the appropriation report/spreadsheet, the expenditure account history, the final report, and any memos related to the grant. This information will also be kept digitally in the shared Business Office Google drive.

**Anticipated Completion Date:**

June 30, 2024

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-002***

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:**

There were several deficiencies in the internal control system of the School Corporation related to financial close and reporting, and receipting.

1. Lack of Segregation of Duties: Internal Control activities, an integral part of which is segregation of duties, should be in place to reduce the risks of errors in financial recording and reporting. The School had not separated incompatible activities related to financial close and reporting, and receipts.

The failure to establish a proper system of internal controls enabled material misstatements or irregularities to occur and remain undetected.

### Financial Close and Reporting and Receipting

The School Corporation had not established effective internal controls over the financial close and reporting, and receipts entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School's financial statement. The School failed to properly review the financial information prepared and submitted in Gateway. Due to the lack of effective internal controls over the financial reporting and receipts, the financial statement presented for audit included the following errors:

1. The School utilized several separate funds to account for the payroll clearing activity of the School. The receipts for the Net Pay Fund were each understated by \$4,679,197. The receipts and disbursements of the Insurance Fund were each understated by \$118,353.
2. The School records the transactions for the extracurricular activities' funds on the school's general ledger instead of a separate ledger. These funds were included in the annual report, which caused the beginning cash and investments, receipts, disbursements and ending cash and investments to be overstated. The beginning cash and investments for fiscal year 2022 were overstated by \$175,445. The receipts were overstated in fiscal year 2022 and fiscal year 2023 by \$360,843 and \$666,893, respectively. The disbursements were overstated in fiscal year 2022 and fiscal year 2023 by \$359,674 and \$124,419, respectively. The ending cash and investments were overstated in fiscal year 2022 and fiscal year 2023 by \$176,614 and \$719,088, respectively.
3. The School had reported the transfers into the Operations Fund as receipts in the Gateway Annual Financial Report instead of reporting as Other Financing Sources and Uses in the amount of \$880,000.

Accounts Payable/Receivable, Debt, and Capital Asset Information

The information presented for the School's leases and debt in the Indiana Gateway for Government Units (Gateway) financial reporting system did not agree with the amortizations schedules. In fiscal year 2023, one debt was listed as a debt, however the debt was issued as a lease through the holding corporation and should be listed as a lease in Gateway. In fiscal year 2023, The 2020 General Obligation Bond principal due in one year was overstated in the Gateway reporting by \$585,000.

The information presented for the School's capital assets in the Indiana Gateway for Government Units (Gateway) financial reporting system did not agree with the capital asset ledger of the school corporation. The School amount reported in Gateway for FY 2023 was understated by \$12,445,368.

The information presented for the School's accounts payable/receivable schedule in the Indiana Gateway for Government Units (Gateway) financial reporting system did not have support for the \$1,131,674 in accounts payable reported.

Adjustments were proposed, accepted by the School, and made to the financial statement presented in the Financial Statement Audit Report for the School. The School had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors related to financial close and reporting.

**Contact Person Responsible for Corrective Action:** Amber Rushton

**Contact Phone Number and Email Address:**

Phone Number: (765) 489-4543

Email: arushton@nettlecreek.k12.in.us

**Views of Responsible Officials:**

*"We concur with the finding."*

**Description of Corrective Action Plan:**

We will get with someone with more experience to evaluate our payroll clearing accounts and gain a better understanding on how these should be used correctly.

The ECA funds are in the process of being housed in a separate financial system using its own ledge to track funds.

Transfers from the Education to the Operations Fund have already been updated and will be recorded as a transfer in Gateway, rather than a receipt.

We will develop a spreadsheet that list all of the school's debt. A breakdown of principal and interest payment by year will be tracked on the spreadsheet so that it can be compared with what is entered into Gateway.

We will review our Capital Asset policy. We will work with our school attorney and Neola to update our Capital Asset policy to \$5,000, if appropriate. We will develop an internal capital asset inventory list and a process to add assets to the list when purchased.

**Anticipated Completion Date:**

June 30, 2024

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-003**

**Finding Subject:** Education Stabilization Fund – Reporting

**Summary of Finding:**

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting

The School Corporation had not designed, nor implemented a system of internal control to ensure that the annual Elementary and Secondary School Emergency Relief (ESSER) annual Data Collection reports (Reports) were complete and accurately submitted. The Reports were prepared by one employee without an oversight or review process in place to prevent, or detect and correct, errors.

Additionally, for ESSER II, Year 1, annual report tested the School Corporation could provide supporting documentation that did not agree with the ESSER II, Year 1, annual report.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated from ESSER II, Year 1 report.

**Contact Person Responsible for Corrective Action:** Amber Rushton

**Contact Phone Number and Email Address:**

Phone Number: (765) 489-4543

Email: [arushton@nettlecreek.k12.in.us](mailto:arushton@nettlecreek.k12.in.us)

**Views of Responsible Officials:**

*“We concur with the finding.”*

**Description of Corrective Action Plan:**

The Business Manager will prepare annual reports for grants and the Director of Learning and/or Superintendent will review and sign-off reports before submission.

**Anticipated Completion Date:**

June 30, 2024

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## CORRECTIVE ACTION PLAN

### **FINDING 2023-004**

**Finding Subject:** Education Stabilization Fund – Equipment and Real Property Management

**Summary of Finding:**

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Equipment and Real Property Management

The School Corporation hired a fixed asset consultant to provide a fixed asset report that was to contain all inventory through June 30, 2023. During fiscal year 2021-2022, the School Corporation purchased equipment a minibus for \$56,225 and a band trailer for \$12,234 with ESSER II and ESSER III funds. The mini bus or the band trailer were not added to the property record which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property. The School did not have in place documentation of reviewing or resolving discrepancies in their physical inventory at least every two years.

**Contact Person Responsible for Corrective Action:** Amber Rushton

**Contact Phone Number and Email Address:**

Phone Number: (765) 489-4543

Email: [arushton@nettlecreek.k12.in.us](mailto:arushton@nettlecreek.k12.in.us)

**Views of Responsible Officials:**

*“We concur with the finding.”*

**Description of Corrective Action Plan:**

The Business Manager will develop a list of property purchased in the last two years. This list will be sent to the fixed asset consultant to update previous purchases. The Business Manager will develop an ongoing spreadsheet to submit to the fixed asset consultant annually to provide information on purchased assets.

**Anticipated Completion Date:**

June 30, 2024

## 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/>.