



Extra-Curricular Accounts

SBOA Special Investigations

Former ACSC employee now under investigation

By Ashton Brellenthin ashton.brellenthin@flyergroup.com Feb 8, 2018



FILE PHOTOWHITE OAK: According to the report, the school corporation discovered a discrepancy in White Oak's bank accounts after an internal audit. From 2011 to '17, the discrepancies totaled just more than \$89,000.

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AVON — The Hendricks County Community School Corporation

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ON DEALS PAPER ADS

Authorities arrest 15 public officials across Indiana on corruption-related charges

POSTED 9:24 AM, OCTOBER 11, 2018, BY CBS4 WEB, UPDATED AT 03:07PM, OCTOBER 11, 2018

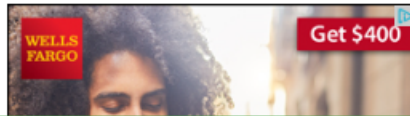
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INDIANAPOLIS, Ind. — U.S. Attorney Josh Minkler announced that 15 people have been charged in a statewide corruption investigation led by the State Board of Accounts along with the FBI, Indiana State Police and several county prosecutors.

Minkler said total losses from the corruption exceed \$1 million with the biggest loss in Indianapolis.

Jacqueline Fitzgerald and Monica Durrett, employees of the Indianapolis Local Public Bond Bank are alleged to have stolen approximately \$400,000 in a case that is currently pending with the Marion County Prosecutor's Office.

"The alleged misappropriation does not affect bond proceeds or bond debt service



Ex-coach charged with theft from Kankakee Valley football fundraiser



Derek Thompson (Jasper County Sheriff's Department)

By **Becky Jacobs** · [Contact Reporter](#)
Post-Tribune

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ECA Victims and Shortages:



- White Oak Elementary School: \$89,000 from 07/01/11 to 06/30/17
- Greenwood Middle School: \$50,000 from 07/01/14 to 04/02/18
- Robey Elementary School: \$10,000 from 01/23/17 to 03/20/18
- AK Smith Center: \$13,000 from 07/01/15 to 02/28/18
- Krueger Middle School: \$5,791 from 07/01/13 to 06/30/17
- Kankakee Valley School Corporation: \$3,700 from 01/01/18 to 06/30/18



Honey, trust me on this.

Sharks don't live in these waters.

How did the thefts happen?



- Lack of Internal Controls – Sound Familiar
 - No Oversight
 - Little to No Segregation of Duties
 - **Trust is NOT a Control**

SBOA Assistance with Controls



- Summary of Collections Form SA-8
 - Prenumbered and prepared in duplicate by sponsor
 - Original retained by ECA Treasurer in numerical order
 - Duplicate retained by sponsor in numerical order
 - Provides documentation of the Function/Fundraiser
 - Provides documentation of method of payment, including a listing of checks
 - Line for Sponsor to document his/her name as preparer
 - **Consider Adding a Line for ECA Treasurer to sign that she/he has counted and agrees with the report and you have a documented control.**

Date: _____ **SUMMARY COLLECTION FORM** NUMBER _____

_____ School

Deposit To: _____ Time Frame of Fundraiser: _____
(Fund)

Reason for Receipts: _____
(Fundraiser, Field Trip . . .)

Sponsor: _____ Title: _____
(Please Print Name)

RECEIPT DETAIL:

CASH: _____

Coin: _____

CHECKS: _____
(See Detail Below)

Money Orders: _____
(See Detail Below)

TOTAL: _____

NOTE: All receipts for deposit must be accurately counted before turning in to the Treasurer. Any summary found to have a discrepancy will be returned. Please face bills and roll change when possible. The Extra-Curricular Treasurer is to provide an Official Receipt, Form SA-3, at the time the Summary Collection Form is turned in.

I CERTIFY I HAVE ACCURATELY ACCOUNTED FOR ALL FUNDS
AND REPORTED THE SAME HEREIN

(Signature of Fund Representative, Name is Printed Above)

Detail Checks/Money Orders
(Attach Additional Information As Needed)

Number	Amount	Number	Amount	Number	Amount	Number	Amount
Subtotal	\$	Subtotal	\$	Subtotal	\$	Subtotal	\$

Amount From Additional Sheets \$ _____

Grand Total \$ _____

Receipts



- The receipt form is to be prenumbered and printed in duplicate, . . .
- The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. The receipt form must be signed by the treasurer of the extra-curricular account or collecting authority. The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account.



Receipt Issuance



- Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment.

Some ideas to consider to facilitate the above requirement and monitor receipts are issued immediately:

- Designate a specific time when collections are to be given to the Treasurer
- Set up appointments
- Be observant for cash, reports, etc. sitting on a Treasurer's Desk.

Tickets and Ticket Sale Reports



- Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.
- Tickets for each price group should be different colors and/or different in their series number.

Ticket Sales (SA-4)



Ticket sales conducted by any activity should be accounted for as follows:

- The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned.
- The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

SBOA Assistance with Controls



- Ticket Sales Form SA-4
 - **Prenumbered** and prepared in duplicate by the sponsor
 - Original retained by ECA Treasurer in numerical order
 - Duplicate retained by sponsor in numerical order
 - Provides documentation of the Event and Date
 - Provides documentation of the serial numbers of tickets sold, the price per ticket, the number sold and the dollar amount of the collections
 - **Line for Sponsor to document his/her name as preparer**
 - **Consider Adding a Line for ECA Treasurer to sign that she/he has counted and agrees with the report and you have a documented control.**



**WATCH OUT
FOR THE FEES**

Fees and Fundraisers

Who is aware of the funds being collected?



- Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions.
- Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the **internal controls** and the responsibility of employees or officials.

Approval of Expenditures



- Expenditures by the treasurer of the extracurricular account are limited to those approved by the principal of the school and they should be in accordance with the general administration policies of the school corporation since the law provides that all expenditures shall be subject to review by the local school board. [IC 20-41-1-4]
- Distribution of extra-curricular funds to students, teachers or others should not occur unless authorized by statute.

Purchase Order and Accounts Payable Voucher (SA – 1)



- When shipment is made, the vendor shall send an invoice to the school. Shipments received by an activity must be verified with the invoice and voucher (duplicate copy) as to quantity and price by the person who made the purchase and received the items. The person receiving the shipment indicates on the voucher that they have received and checked the shipment and the voucher is to be forwarded to the treasurer who makes the payment after signing the certification required on the form SA-1. After payment is made, the check number and date the voucher is paid are entered on the duplicate copy before filing.

Claim for Payment (Form SA-7)



- The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used; for example, purchases from delivery salesmen, services of officials at athletic events, etc.
- Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7.
- The claims shall be prenumbered and filed in numerical sequence.

No check should be issued without Supporting Documentation



- All claims, invoices, receipts, and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation.
- All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made.

No check should be issued without
Supporting Documentation



- The Principal and Treasurer should both be making sure itemized vendor invoices are retained with the claim forms.
- Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.
- The Principal and Treasurer should not make payments based upon a “promise” to bring the invoice at a later date or time.

"Never put off until tomorrow
what you can do
the day after tomorrow."
- Mark Twain

So go ahead... grab your book and READ

CLAIM FOR PAYMENT

No. _____

SCHOOL EXTRA-CURRICULAR ACCOUNT

PAID BY CHECK: _____ DATE _____
 No. _____ Date _____
 Purchased From _____
 Address _____
 Purchased For _____
 Delivered To _____
 Invoice Handed To _____

TO THE DISBURSING OFFICER:

The following expense is proposed, payable from the _____ Fund.

No payment is to be made for this order until the SA-7 Form is properly filed and the items have been received.

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

Quantity	Description	Unit	Price	Total
				\$
Total This Order				\$

Approved for Payment _____
 Signature

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except _____

Date _____ Signed: _____
 Signature

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-1.6.

Date _____ Treasurer

Accountable Items Review Form (SA-9) for Vending and Concessions



- Accountable Items Review Form (SA-9) is prenumbered and to be prepared in duplicate by the treasurer. The original copy goes to the principal with the duplicate to be retained in numerical order by the treasurer.
- Form SA-9 is to be used at least once a year at the end of the school year. The form is to be used to help account for beverages sold from vending machines. However, the form can be used at the discretion of school officials to account for other items such as, concessions, books, etc.

Date: _____ ACCOUNTABLE ITEMS REVIEW Number: _____

_____ School

Time Frame of Report: _____ DESCRIPTION: _____

Beginning Inventory _____

Purchases _____

Subtotal _____

Complimentary Distributions
Per School Board Policy:

Athletic Teams _____

Staff Meetings _____

Awards _____

Other _____

Total _____

Total Eligible for Sale _____

Ending Inventory _____

Items Sold _____

Sale Price \$ _____

Projected Revenue (Items Sold @ Sale Price) \$ _____

Actual Amount Received \$ _____

Difference \$ _____

Signed: _____

Title: _____

SAMPLE

Check Issuance



- Checks to be properly issued shall show the date, the payee, the amount, the purchaser, the order number, the activity fund to be charged and the purpose for which the check was issued. Space is provided for entering the invoice number, if desired. **The check is to be signed by the treasurer and countersigned by the principal or other designated official of the school.**

Quick Checks or Suggestions



- Ensure the ECA Bank Accounts are being reconciled monthly.
- Look at the bank reconcilements for deposits in transit not clearing the bank in the following month
- Financial Reports – compare year to year for unusual changes in receipts and/or disbursements
- Compare revenues from fundraisers to disbursements for the fundraisers – is there a profit.
- Examine unpaid balances on student TBR, School Lunch, or other accounts, do they seem reasonable, are there excessive adjustments to accounts. Overall, can they be reconciled.

Other Suggestions

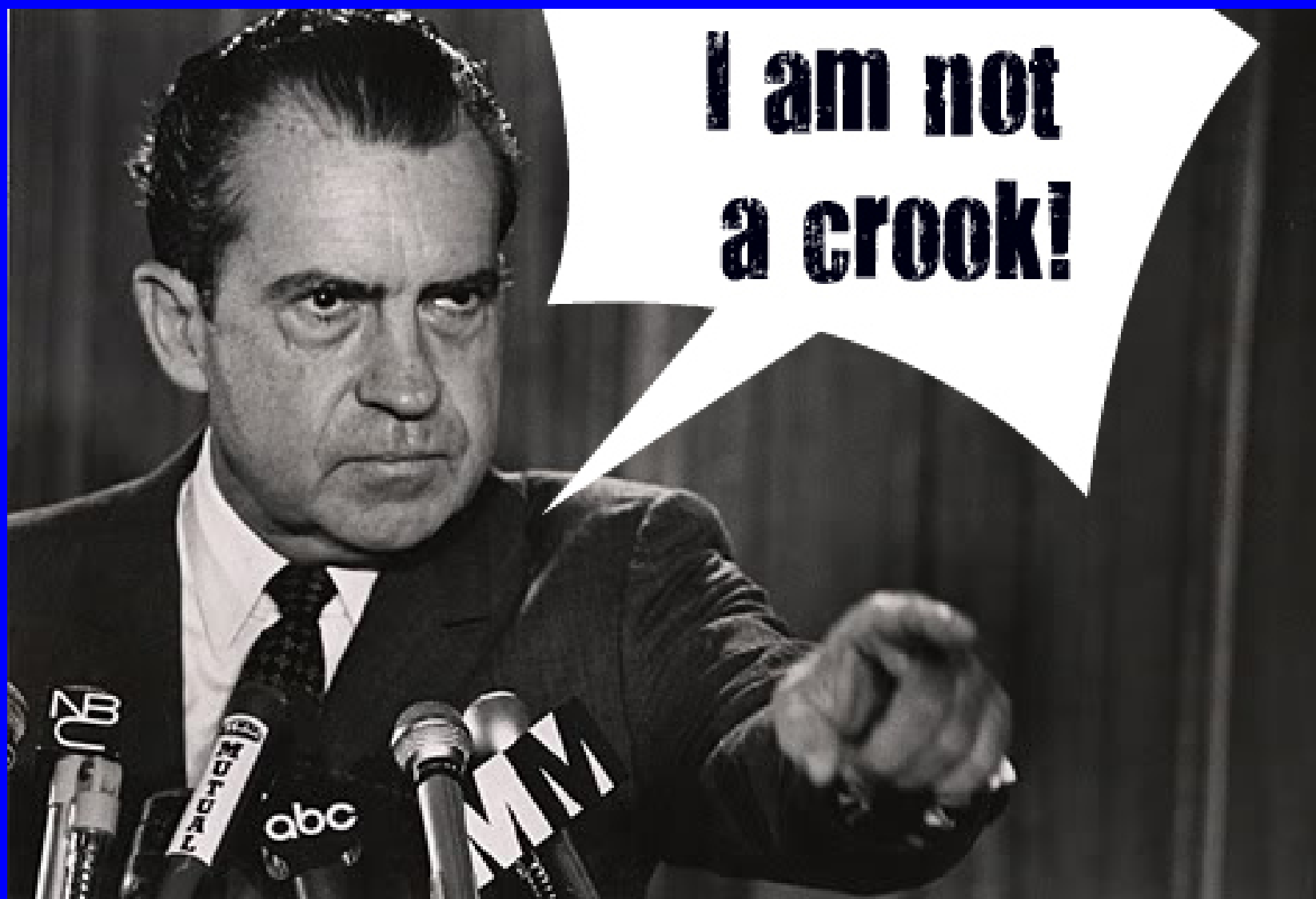


- Inform all staff of policies and controls, making sure they are up-to-date
- Make sure staff retains their copies of receipts and forms, and that they know the importance of retaining those documents
- Make it policy for the ECA Treasurer to provide sponsors with reports of their financial activities, so sponsors can verify – consider having the sponsors sign and date it once they have reviewed and determined agreement to their records. And both parties should retain the signed copies.

Financial Cost of a Theft or Shortage



- Financial Cost: School Corporation pays \$175 per 7.5 hr. day or \$23.33 per hr. for the audit.
- State of Indiana pays full cost of SBOA examiners and reviewers of reports, as \$23.33 does not cover the hourly wages and fringe benefits of the examiners
- State of Indiana/local counties pay full cost of Attorneys representing the State in the collection of the missing funds
- State of Indiana pays full cost of any State Police Officers and personnel brought in to investigate
- State of Indiana – is every taxpayer in the State of Indiana – you and I



**I am not
a crook!**

Non Financial Cost (Possibly the Greatest Cost)



- Loss of Public Integrity
- Loss of Trust in our Public Officials – All of US.
- Extra-Curricular Accounts and Funds are possibly the most identifiable to the average citizen