

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

SUPPLEMENTAL REPORT  
OF

MITCHELL ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
MUNCIE COMMUNITY SCHOOLS  
DELAWARE COUNTY, INDIANA

July 1, 2004 to December 31, 2006



**FILED**  
05/09/2007



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### SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer	Debbie Garrett	07-01-04 to 01-30-07
Treasurer	Mark A. Burkhart	07-01-04 to 06-30-07
Superintendent of Schools	Dr. Marlin B. Creasy	07-01-04 to 06-30-07
President of the School Board	Jennifer J. Abrell Robert E. Kellems	07-01-04 to 06-30-06 07-01-06 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF MITCHELL ELEMENTARY SCHOOL

We have examined the records of the Mitchell Elementary School Extra-Curricular Accounts for the period from June 1, 2004 to December 31, 2006, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments.

STATE BOARD OF ACCOUNTS

March 12, 2007

MITCHELL ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

CASH COLLECTED NOT DEPOSITED

The following items were noted during a review of the records:

The amounts recorded on Official Receipt - Individual Textbook Rental Receipt Forms (Form TBR-2) exceeded the amounts on Receipt Form SA-3, the related fund ledger postings, and bank deposits for the period July 1, 2005 to June 30, 2006. The amount collected exceeded the amounts posted to the funds ledger and bank deposits by \$746.00.

A comparison of fundraising cash collections maintained by the Extra-Curricular Treasurer, Debbie Garrett, to receipt forms (Form SA-3) issued, ledger postings and bank deposits indicated a difference of \$665.75. After the comparison was made, two receipt forms were written for \$229.50 and \$200.00 on January 18, 2007 and January 23, 2007, respectively. The Principal noted these collections were not received from the payer noted on the receipt Form SA-3. The net amount collected not deposited was \$236.25.

Cash collected as evidenced by receipt Forms SA-3 exceeded bank deposits by \$439.53 in October 2006. Repayments of the cash necessary to balance were deposited on November 20, 2006, (\$239.03) and on December 15, 2006 (\$200.50). Adjustments were made to the records until payments were made in full in order to reconcile to the bank.

Entries to the records generated for review on January 23, 2007, (for the period June 10, 2006 to January 23, 2007) were changed as compared to records generated on January 12, 2007 (for the period June 10, 2006 to November 30, 2006). An entry made on the earlier version dated November 30, 2006, noted an "error" posted to the receipt column of the ledger. The entry on the later version was changed to "Garrett-Fundraiser" and a corresponding deposit was made on December 15, 2006.

Debbie Garrett, Extra-Curricular Treasurer, repaid \$982.25 on May 4, 2007. (See Summary, page 8)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA EDUCATIONAL FEES

Communication fees for Mitchell Elementary were receipted to an Extra-Curricular Fund. Not all of the communication fees were remitted to the School Corporation.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

MITCHELL ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

ORDINANCES AND RESOLUTIONS

Mitchell Elementary School did not submit delinquent textbook fees collected to the School Corporation as required by School Corporation policy for the fiscal year ending 2006.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA DEPOSITS

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of twenty-one days before depositing.

Indiana Code 20-41-1-9 states in part: “. . . receipts shall be deposited without unreasonable delay.”

RECEIPT ISSUANCE

We determined from inquiry with the Extra-Curricular Treasurer and a cash count performed, that receipt forms were not issued at the time money was received.

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PUBLIC RECORDS RETENTION

Deposit slips were not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: “Original records may be disposed of only with the approval of the commission according to guidelines established by the commission.”

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MITCHELL ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

PRESCRIBED FORMS

The following prescribed forms were not used properly:

The SA-3 Receipt Form did not always indicate payment type and amount.

The SA-7 Claims for Payment reviewed were not properly approved.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS

Original copies of receipts were not retained if voided. Duplicate receipt forms were altered rather than being voided and a new receipt being issued.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FUNDRAISERS

Several fundraisers did not generate the profit that was expected. Fundraising records for the audit period were not presented for review. The Extra-Curricular Treasurer handled the collections for all proceeds with no oversight.

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MITCHELL ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
MUNCIE COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2007, with Mark A. Burkhart, Treasurer; Dr. Marlin B. Creasy, Superintendent of Schools; and Kevin P. Smith, Board Member. The officials concurred with our audit findings.

We attempted to contact Debbie Garrett, Extra-Curricular Treasurer, by certified mail on February 1, 2007, to discuss the contents of the report. No response was received.

MITCHELL ELEMENTARY SCHOOL  
 DELAWARE COUNTY  
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Debbie Garrett, Extra-Curricular Treasurer:			
Cash Collected not Deposited:			
Textbook Rental Collections	\$ 746.00	\$	\$
Fundraising Cash Collections	236.25		
Paid by Debbie Garrett on May 4, 2007, Receipt No. 3968		<u>982.25</u>	<u>-</u>
 Totals	 <u>\$ 982.25</u>	 <u>\$ 982.25</u>	 <u>\$ -</u>