

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

EXAMINATION REPORT
OF

CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION
HENRY COUNTY, INDIANA

July 1, 2006 to January 19, 2007



FILED
05/11/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judy Barnes	07-01-06 to 02-19-07
Superintendent of Schools	Dr. David McGuire	07-01-06 to 06-30-07
President of the School Board	Michael Fruth	07-01-06 to 06-30-07
Business Manager	Amanda (Harvey) Zurwell David Bundy	09-05-06 to 01-19-07 02-08-07 to 06-30-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of Charles A. Beard Memorial School Corporation (School Corporation), for the period of July 1, 2006 to January 19, 2007, 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 Examination Results and Comments.

March 12, 2007

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF SALARY

The School Corporation hired Amanda (Harvey) Zurwell as Business Manager on September 5, 2006. The salary for the position was \$63,000 to be paid over 26 bi-weekly periods. The bi-weekly gross salary for the position for 2006 should have been \$2,423.08 per pay. The bi-weekly gross salary entered into the computerized payroll system was \$2,742.99, an overpayment of \$319.91 per pay period. The overpayment was made for 5 pay periods, resulting in an overpayment of \$1,599.55. Additionally, Amanda Zurwell's first pay was for the total bi-weekly salary, even though she worked only 4 days during the period which resulted in an overpayment of \$1,773.75. The total overpayment of salary is \$3,373.30.

We have requested that Amanda (Harvey) Zurwell reimburse the School Corporation \$3,373.30 for the overpayment of salary. (See Summary, page 7)

RAISED SALARY

The School Corporation's payroll clerk left the position at the end of November 2006. Amanda (Harvey) Zurwell processed the payroll for the three remaining pay periods in 2006. Amanda (Harvey) Zurwell increased her gross salary to \$3,000 per pay starting with the payroll period ending December 1, 2006, which resulted in an overpayment of \$1,730.76 for the three remaining payroll periods in 2006. Amanda (Harvey) Zurwell's bi-weekly gross salary for 2007 should have been \$2,471.54, but she was paid at \$3,000 for the first payroll in 2007 resulting in an overpayment of \$528.46. Amanda (Harvey) Zurwell's last payroll check should have been for half of the bi-weekly rate, \$1,235.77 but was only made for \$597.09, resulting in an underpayment of \$638.68. The total net overpayment for the periods in which Amanda (Harvey) Zurwell was paid the inappropriately raised rate is \$1,620.54.

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 Indiana Public School Corporations, Chapter 9)

We have requested that Amanda (Harvey) Zurwell reimburse the School Corporation \$1,620.54 for the inappropriately raised salary. (See Summary, page 7)

UNAUTHORIZED PAY

Amanda (Harvey) Zurwell processed retro-active teacher contract adjustment checks. One of the checks was made payable to Amanda J. Harvey in the amount of \$2,297.19. The check was endorsed and cashed by "Amanda Harvey". Additionally, Amanda (Harvey) Zurwell's regular pay was direct deposited to her personal bank account. The typewritten check was not included on the check register, but was discovered during the reconciliation of depository balances.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 Indiana Public School Corporations, Chapter 9)

We have requested that Amanda (Harvey) Zurwell reimburse the School Corporation \$2,297.19 for unauthorized pay. (See Summary, page 7)

PAYROLL DOCUMENTATION

Amanda (Harvey) Zurwell began processing payroll starting with the pay period ending December 1, 2006, and entered information for an additional position in the name of Amanda J. Harvey. The employee number entered in the payroll system for Amanda J. Harvey was Amanda (Harvey) Zurwell's employee number raised by 1,000. The social security number entered in the payroll system for Amanda J. Harvey was Amanda (Harvey) Zurwell's social security number with the last digit reduced by one. The addresses were the same. The rate of pay was \$3,000 per pay. One paycheck was issued, but was discovered by an employee stuffing the pay envelopes. The check was voided as "issued in error".

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transaction, inaccurate records and financial and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2007, with Mike Fruth, President of the School Board; Dr. David McGuire, Superintendent of Schools; and David Bundy, Business Manager. The officials concurred with our audit findings.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
HENRY COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Amanda (Harvey) Zurwell, Business Manager:			
Overpayment of Salary, page 4	\$ 3,373.30	\$ -	\$ 3,373.30
Raised Salary page 4	1,620.54	-	1,620.54
Unauthorized Pay, page 4 and 5	<u>2,297.19</u>	<u>-</u>	<u>2,297.19</u>
Totals	<u>\$ 7,291.03</u>	<u>\$ -</u>	<u>\$ 7,291.03</u>

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AFFIDAVIT

STATE OF INDIANA)
Decatur COUNTY)

I, Robin White, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Charles A. Beard Memorial School Corporation, Henry County, Indiana, for the period from July 1, 2006 to January 19, 2007, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 7th day of May, 2007.



Clerk of the Circuit Court