

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

EXAMINATION REPORT
OF

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
MARION COUNTY, INDIANA

May 5, 2006 to December 22, 2006



FILED
07/13/2007

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Club Sponsor	Tarina A. Coles	05-05-06 to 12-20-06
North Central High School Extra-Curricular Account Treasurer	Lynette F. Mangum	07-01-05 to 06-30-07
Principal	C.E. Quandt	07-01-05 to 06-30-07
Treasurer/Chief Business Officer	William R. Fellmy (Vacant) Joseph A. Licata	07-01-05 to 02-10-06 02-11-06 to 06-30-06 07-01-06 to 06-30-07
Superintendent of Schools	Dr. James D. Mervilde	01-03-06 to 06-30-07
President of the School Board	Cynthia D. McNeilly Lori Schlaback	07-01-05 to 06-30-06 07-01-06 to 06-30-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP, MARION COUNTY

We have examined the records of the North Central High School Cheerleading Club, Metropolitan School District of Washington Township, for the period from May 5, 2006 to December 22, 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 Examination Results and Comments.

STATE BOARD OF ACCOUNTS

April 19, 2007

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXAMINATION RESULTS AND COMMENTS

BACKGROUND INFORMATION

The North Central Booster Club started a checking account several years ago to account for monies related to the North Central cheerleaders. The account was turned over to the North Central High School Cheerleading Club (Club) a few years ago and was in the control of the sponsor, who was a teacher at Metropolitan School District of Washington Township (MSDWT). The original sponsor of the Club transferred custody of the account on May 5, 2006, over to a new sponsor, Tarina A. Coles, who was a teacher at MSDWT.

Ms. Coles collected money, during her time as sponsor, from students and parents for supplies, uniforms and other items relating to activities involved in cheerleading. Additional monies were collected for cheerleading camps and competitions. Documents also show that Ms. Coles received donations from parents and North Central Gymnastic Boosters to be used for the benefit of the cheerleaders.

C.E. Quandt, Principal at North Central High School, received several complaints from parents of cheerleaders in November 2006, concerning equipment and other items that were paid for, but not received. There were additional complaints from unpaid vendors. Mr. Quandt stated he asked Ms. Coles about the monies collected and the equipment purchased. Mr. Quandt stated Ms. Coles admitted that she had used monies of the North Central Cheerleading Club for her own personal use and expenses.

Ms. Coles resigned as sponsor of the Club on December 20, 2006. The Club account was closed on December 22, 2006, and custody of the Club's funds was transferred to the North Central High School Extra-Curricular Treasurer.

Ms. Coles was not covered under any blanket bond or crime insurance coverage.

Activity or activities as used herein has reference to conducting any athletic, social, class, or other school function and the collection, custody and disbursement of any money in connection therewith, other than functions conducted solely by any organization of parents and teachers, which does not include public money. The collection, custody, and disbursement of the money for an activity are represented in the accounting records by a fund and the control account for all of the activity funds is designated as the "School Extra-Curricular Account." (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

Indiana Code 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

We have noted situations where various employees (other than bonded treasurers and deputy treasurers) are involved in handling cash and cash related transactions (i.e., textbook rental collections, school lunch, etc.) without the school corporation being afforded bond coverage.

We strongly recommend and encourage school officials to immediately obtain bond coverage for all employees that might be handling cash and related transactions. School officials should also give consideration to providing crime insurance coverage.

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXAMINATION RESULTS AND COMMENTS
(Continued)

Whenever it is deemed necessary by the administrative officer or governing body of a governmental unit to bond any employees not required by a specific statute to be bonded otherwise, such employees may be bonded by either individual or blanket bonds conditioned upon faithful performance of duties and in amounts and with surety approved by the governing body by adopting a resolution in accordance with IC 20-5-1.5. (The School Administrator and Uniform Compliance Guidelines, Volume 149, March 2000)

PERSONAL EXPENSES

We reviewed the activity in the North Central High School Cheerleading Club (Club) checking account during the time that Tarina A. Coles was in charge of the account, and noted that several debit card and check purchases took place. Each debit card transaction and canceled check copy that was requested from the bank was reviewed. Several of the check and debit card disbursements appeared to be personal in nature. Items such as food purchased from restaurants, clothing, books, gasoline, and payments made for an electric bill, cell phone bill, and insurance bills were noted. The disbursements ranged from \$2.80 to \$2,500 and totaled \$7,750.34. No supporting documentation was provided for any of these expenditures. Ms. Coles stated that most of these were her personal expenses.

Below is a summary of the personal expenses paid:

Personal Expenses

Pharmacy	\$ 133.37
Grocery	110.59
Restaurants	261.60
Clothing	1,159.94
Gasoline	561.71
Insurance	4,000.00
Utilities	472.95
Cell Phone	192.67
Miscellaneous	<u>857.51</u>
 Total	 <u><u>\$ 7,750.34</u></u>

We have requested the former Club Sponsor, Tarina A. Coles, to remit \$7,750.34 to the North Central High School Extra-Curricular Account for personal expenses. (See Summary, page 9)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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)

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXAMINATION RESULTS AND COMMENTS
(Continued)

CASH DISBURSEMENTS

Disbursements were not always made by check. Tarina A. Coles made several Automated Teller Machine (ATM) withdrawals totaling \$865.25. Documents show that part of the total includes fees assessed by some banks for using their ATMs. Bank transaction documentation did not allow for the fees to be separated from the withdrawals. Ms. Coles additionally received \$3,151 in cash back while making deposits. Ms. Coles could only provide receipts to support cash purchases totaling \$440.65. We have requested the former Club Sponsor, Tarina A. Coles, to remit \$3,575.60 to the North Central High School Extra-Curricular Account for cash disbursements. (See Summary, page 9)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CHECKS WRITTEN TO INDIVIDUALS

We noted, upon review of canceled checks, that several checks were written to Tarina A. Coles or her relatives. Three checks were written to Tarina Coles totaling \$1,800. Two checks were written to Cassandra Coles totaling \$477 and two checks were written to Kathleen Coles totaling \$735 for a total of \$3,012. No valid supporting documentation was presented for audit.

We have requested the former North Central High School Cheerleading Club Sponsor, Tarina A. Coles, to remit \$3,012 to the North Central High School Extra-Curricular Account for checks written to individuals. (See Summary, page 9)

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)

BANK ACCOUNT FEES

Some checks were returned unpaid for nonsufficient funds and resulted in the North Central High School Cheerleading Club (Club) checking account being charged \$450 in bank charges for returned items. Additionally, Tarina A. Coles used ATM machines numerous times to withdrawal cash from the Club checking account which resulted in the account being assessed \$33 in ATM transaction fees by the Club's bank. The transaction fees are in addition to the fees mentioned in the Cash Disbursements Examination Result and Comment. We have requested the former Club Sponsor, Tarina A. Coles, to remit \$483 to the North Central High School Extra-Curricular Account for bank account fees. (See Summary, page 9)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXAMINATION RESULTS AND COMMENTS
(Continued)

AUDIT COSTS

The State of Indiana incurred additional audit fees of \$4,419 in the investigation of the missing funds.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CONDITION OF RECORDS/INTERNAL CONTROLS

Financial records presented for audit were incomplete and not reflective of the activity of the North Central High School Cheerleading Club Fund. The records presented for examination did not provide sufficient information to establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. There was no check register or ledger that kept track of the activities of the account. Receipts were not written for monies received. There was no tracking or documentation showing which individual cheerleaders paid, did not pay, or had an outstanding balance. Checks and debit card disbursements lacked supporting documentation. No bank reconciliations were provided for audit. There was no information provided to substantiate what equipment/clothing was ordered and/or paid for.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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)

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 Extra-Curricular Accounts, Chapter 7)

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2007, with Tarina A. Coles, former Club Sponsor.

The contents of this report were discussed on April 26, 2007, with Dr. James D. Mervilde, Superintendent of Schools; Joseph A. Licata, Treasurer/Chief Business Officer; C.E. Quandt, Principal; and Lynette F. Mangum, Extra-Curricular Treasurer.

NORTH CENTRAL HIGH SCHOOL CHEERLEADING CLUB
 METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Tarina A. Coles, former North Central High School Cheerleading Club Sponsor:			
Personal Expenses, page 5	\$ 7,750.34	\$	\$
Cash Disbursements, page 6	3,575.60		
Checks Written to Individuals, page 6	3,012.00		
Bank Account Fees, page 6	483.00		
Money Received:			
Paid by Tarina A. Coles to North Central High School Extra-Curricular Account on December 18, 2006, Receipt No. 32355		4,457.00	
Payments Made to Club Vendors from Tarina A. Coles' Personal Account on Various Dates		<u>2,233.75</u>	<u>8,130.19</u>
Totals	<u>\$ 14,820.94</u>	<u>\$ 6,690.75</u>	<u>\$ 8,130.19</u>

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AFFIDAVIT

STATE OF INDIANA)
)
Madison COUNTY)

We, Jennifer J. Carmack and Dawn R. Anderson, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the North Central High School Cheerleading Club, Metropolitan School District of Washington Township, Marion County, Indiana, for the period from May 5, 2006 to December 22, 2006, is true and correct to the best of our knowledge and belief.





Field Examiners

Subscribed and sworn to before me this 2 day of July, 2007



Notary Public

My Commission Expires: 1-30-08

County of Residence: Madison