

INVESTIGATIVE EXAMINATION REPORT

OF

SELECTED RECORDS OF
GREENWOOD COMMUNITY HIGH SCHOOL
GREENWOOD COMMUNITY SCHOOL CORPORATION
JOHNSON COUNTY, INDIANA
July 1, 2003 to June 30, 2006



STATE OF INDIANA

INDIANA STATE BOARD OF ACCOUNTS

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11/27/2007



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

August 8, 2007

Ladies and Gentlemen:

Presented herewith is the report on our investigative examination of Selected Records of the Greenwood Community High School. This investigative examination focused on the period July 1, 2003 through June 30, 2006. However, when warranted, this scope was expanded.

The State Examiner has prescribed a minimum system or recordkeeping for School Corporations, which is detailed in *the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations* and in the *Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts*. The purpose of our examination was to determine the extent of the entity's compliance with certain laws and regulations, including those in the above-mentioned manuals.

Our investigative examination revealed that during the period July 1, 2003 through June 30, 2006, there were discrepancies between the number of tickets accounted for as sold at home athletic events through tickets sales reports prepared by Paul Collier, Athletic Director, and the number of tickets that were available for sale at the start of the period and the number of tickets available for sale at the end of the period. Additionally, there were discrepancies between the amount of concession sales cash deposited and estimated concession sales and in the amount of fundraiser profits. Also, the amount of miles claimed for reimbursement by Paul Collier, Athletic Director, exceeded actual mileage during the period July 1, 2003 through June 30, 2007.

Copies of this report are being forwarded to the local prosecutor; State of Indiana Attorney General; Dr. David Edds, Superintendent of Schools; Mr. Jerry Engle, President of the School Board; Mr. Paul Collier, Athletic Director; and various other interested parties. A copy is available for public inspection in our office.

Sincerely,

Bruce Hartman, CPA
State Examiner

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Director of Fiscal Services	Thomas Mandon Randall Burns	07-01-03 to 09-04-06 09-05-06 to 06-30-07
Superintendent of Schools	Dr. David Edds	06-01-03 to 06-30-07
President of the School Board	Jerry Engle Michael Bass Jerry Engle	01-01-04 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07
Athletic Director	Paul Collier	07-01-03 to 06-30-07

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
 GREENWOOD COMMUNITY HIGH SCHOOL
 GREENWOOD COMMUNITY SCHOOL CORPORATION
 INVESTIGATIVE ISSUES

1. ISSUE: Missing Tickets

Our investigative examination revealed that during the period August 15, 2003 through May 25, 2006, various series of tickets were unaccounted for. The procedure for tickets sales during that time, based upon our inquiry with Paul Collier, Athletic Director, was as follows:

The Athletic Director ,on the day of the event, put together a cash box with start up cash and a roll of tickets, both of which were in his possession and delivered the box to the ticket sellers at the start of the event. The ticket sellers collected the admission and retained ticket stubs. The Athletic Director collected the cash, ticket stubs, and unused tickets after the event was over. The Athletic Director prepared the Ticket Sales Report (SA-4) at some point after the event and remitted a copy of the SA-4 along with the cash to the Extra-Curricular (EC) Treasurer for deposit to the bank. The EC Treasurer wrote a receipt to the Athletic Director at that time for the amount turned over and posted the receipt to Fund 200 Athletics.

We determined the number of tickets sold by listing each ticket series sold according to the SA-4 on an Excel worksheet and then sorting the series chronologically. We noted ticket numbers within a series that were not listed as sold on an SA-4. The tickets numbers not listed are considered unaccounted for. The unaccounted for tickets were totaled and then multiplied by the lowest and highest admission charged to obtain a possible value of unaccounted for tickets. We found no evidence of any money deposited for sales of any of these unaccounted for tickets.

TABLE 1

<u>Low/High Admission Charge</u>	<u>Total Unaccounted for Tickets</u>	<u>Range of Value for Unaccounted for Tickets</u>
\$ 3	71,390	\$ 214,170
5	71,390	356,950

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. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

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 and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
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 INVESTIGATIVE ISSUES
 (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 Extra-Curricular Accounts, Chapter 7)

2. ISSUE: Unaccounted for sales

Our investigative examination revealed inadequate accounting for athletic concession and fundraiser operations and unexplained differences in expected collections.

The Athletic Director has control over the purchase and sale of concession products and deposit of collections. The Athletic Director does not adequately account for concession sales and inventory. No reconciliation is made between the purchase and sale of concession items and deposit of collections. Fund 211 Corporate, is used to record the receipts of concessions sales and fundraiser sales. All of the aforementioned receipts are combined into one deposit and posted together. No detail of the specific nature of the deposit is maintained; however, the deposits are differentiated between cash and check. We noted 71 days the concession was open between July 1, 2004 to June 30, 2005, and only six separate deposits made during the same period. There were 54 days the concession stand was open between July 1, 2005 to June 30, 2006, and only seven separate deposits made during the same period. We multiplied inventory purchased during the year by sales price of each item in order to compute estimated concession cash sales.

Additionally, during the period July 1, 2003 to June 30, 2006, the Athletic Department sponsored three fundraisers. Interviews with Greenwood High School Athletic Coaches confirmed student athletes were given 10 discount cards to sell for \$10 each. Students were required to return the equivalent of unsold cards and cash. The Athletic Department was billed \$6 by the vendor for unreturned cards. Three separate invoices were sent by the vendor to bill for each separate fundraiser. The invoices billed for a total of 3,142 cards. Total cards sold per fundraiser report prepared by Paul Collier, Athletic Director, was 1,985. The table below shows the value of the unaccounted for cards.

Sales and unsold cards were given by the athletes to Paul Collier, Athletic Director, and on occasion to their coach. Mr. Collier then gives the fundraisers sales along with concession receipts to the EC Treasurer. The EC Treasurer then makes the deposit to the bank. No detail was presented for examination to determine the breakdown of the deposits between concession and fundraisers.

No evidence was presented to show the governing board approved the fundraiser.

TABLE 2

	Total Billed by Vendor	Total Cards Reported Sold	Difference	Sales Price of Each Card	Value of Unaccounted for Cards
07-01-03 to 06-30-04	775	525	250	\$ 10	\$ 2,500
07-01-04 to 06-30-05	942	592	350	10	3,500
07-01-05 to 06-30-06	<u>1,425</u>	<u>868</u>	<u>557</u>	10	<u>5,570</u>
Totals	<u>3,142</u>	<u>1,985</u>	<u>1,157</u>		<u>\$ 11,570</u>

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
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 INVESTIGATIVE ISSUES
 (Continued)

TABLE 3

	<u>July 1, 2004 to June 30, 2005</u>	<u>July 1, 2005 to June 30, 2006</u>	<u>Totals</u>
Computed concession sales	\$ 10,880	\$ 14,454	\$ 25,334
Computed fundraiser sales	<u>9,420</u>	<u>14,250</u>	<u>23,670</u>
Total computed sales	<u>20,300</u>	<u>28,704</u>	<u>49,004</u>
Record cash receipts and deposits	<u>6,636</u>	<u>6,403</u>	<u>13,039</u>
Unexplained difference July 1, 2004 to June 30, 2005	<u>\$ 13,664</u>		13,664
Unexplained difference July 1, 2005 to June 30, 2006		<u>\$ 22,301</u>	22,301
Net value of unaccounted for fundraiser cards for July 1, 2003 to June 30, 2004			<u>2,500</u>
Unexplained difference			<u>\$ 38,465</u>

Potential unexplained differences in concession sales for the period July 1, 2003 to June 30, 2004, were not reviewed due to the immediate availability of records.

The recorded cash receipts include cash receipts for concessions sales and fundraisers sales. Additionally, detailed inventory records were not maintained and reconciled with related sales. Therefore, for calculation purposes, we assumed that beginning and ending inventory was the same.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. 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)

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting. Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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)

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 INVESTIGATIVE ISSUES
 (Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance 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)

3. ISSUE: Travel Policy

We reviewed General Form 101, Mileage Claim, submitted by Paul Collier, Athletic Director, for the period July 1, 2003 to June 30, 2007. When the Athletic Director attends athletic events outside the School, he is allowed to claim for reimbursement the mileage from the High School to the location of the event. The mileage claimed was not always actual mileage according to Mapquest, as shown in Table 4.

TABLE 4

From	To	Mapquest Mileage	Claimed Mileage	Variance
Greenwood High School	Franklin High School	20	60	40
Greenwood High School	Edinburgh High School	48	78	30
Greenwood High School	Martinsville High School	46	70	24
Greenwood High School	Whiteland High School	9	14	5

The table above shows only a few examples. There were 70 different locations for which claimed mileage did not equal actual mileage. The table below shows the results for all 70 locations.

TABLE 5

Date of Claim	Total Mileage Claimed	Actual Mileage Per Mapquest*	Difference	Effective Reimbursement Rate	Amount Over Reimbursed
06-29-04	4,524	4,086	438	0.320	\$ 140.16
10-09-04	714	624	90	0.375	33.75
03-04-05	2,564	2,020	544	0.405	220.32
06-05-05	1,880	1,641	239	0.405	96.80
10-18-05	2,092	1,838	254	0.405	102.87
03-17-06	2,299	1,765	534	0.445	237.63
06-07-06	1,821	1,183	638	0.445	283.91
11-16-06	2,128	1,976	152	0.445	67.64
02-27-07	2,188	1,919	269	0.485	130.47
03-28-07	210	199	11	0.485	5.33
05-16-07	1,525	986	539	0.485	261.41
Total amount over reimbursed					<u>\$ 1,580.29</u>

*To determine actual mileage we inserted the address of the High School and the address of the event on www.mapquest.com. We compared the mileage per Mapquest to the amount claimed on General Form 101.

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INVESTIGATIVE ISSUES
(Continued)

Mr. Collier reimbursed \$1,580.29 to Greenwood Community High School. (See Summary, page 10)

Official Opinion 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.

Therefore, the State Board of Accounts is of the audit position that a fixed amount for travel allowance should not be paid. The prescribed method is to reimburse the employee for travel on the basis of a claim filed on Mileage Claim, Form 101, for reimbursement at the rate per mile as established by the local board of school trustees for all employees of the corporation. (School Administrator, Volume 149, March 2000)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance 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)

4. ISSUE: Additional Examination Costs Incurred

Additional examination costs were incurred during the current examination due to missing tickets, unaccounted for sales and excessive mileage reimbursements. Additional examination costs totaled \$9,987.92.

Examination costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee. Examination costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

5. ISSUE: Insurance Coverage

The School Corporation does not have coverage for loss incurred because of acts of the School Corporation employees.

6. FURTHER INVESTIGATION

Due to the unresolved nature of the information provided herein, we are forwarding this Report to the Indiana State Police, Prosecuting Attorney of Johnson County, and Attorney General of the State of Indiana for further investigation and resolution.

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
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EXIT CONFERENCE

The contents of this report were discussed on August 9, 2007, with Dr. David Edds, Superintendent of Schools; Randall Burns, Treasurer/Director of Fiscal Services; and Jerry Engle, President of the School Board. The officials concurred with our findings.

The contents of this report were discussed on August 9, 2007, with Paul Collier, Athletic Director.

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
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GREENWOOD COMMUNITY SCHOOL CORPORATION
SUMMARY OF DISCREPANCIES

	<u>Discrepancies</u>
Range of unaccounted for ticket sales (Table 1):	
Low	\$ 214,170
High	356,950
Unaccounted sales (Table 3)	38,465

INVESTIGATIVE EXAMINATION OF SELECTED RECORDS OF
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 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Paul Collier, Athletic Director:			
Travel Policy, pages 6 and 7	\$ 1,580.29	\$	\$
Reimbursed on November 9, 2007,			
Receipt No. 6654	<u> </u>	<u>1,580.29</u>	<u> </u> -
Totals	<u>\$ 1,580.29</u>	<u>\$ 1,580.29</u>	<u>\$ </u> -