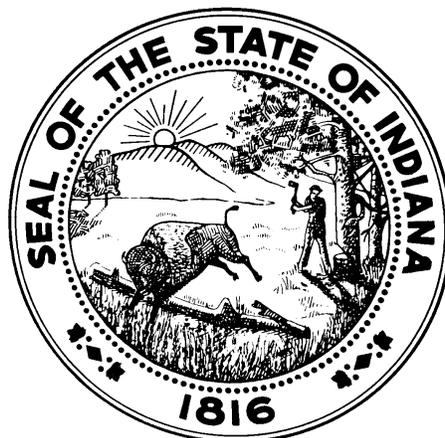


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
ALLEN COUNTY, INDIANA

July 1, 2004 to December 18, 2007



**FILED**

10/28/2008



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### SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary B. Condra Shelly K. Buuck	07-01-04 to 12-18-07 03-03-08 to 06-30-08
Principal	Dr. Edwin D. Yoder	07-01-04 to 06-30-08
Superintendent of Schools	Dr. Jeffrey H. Abbott Dr. M. Kay Novotny	07-01-04 to 06-30-05 07-01-05 to 06-30-08
President of the School Board	Terry Jo Lightfoot Rev. Stephen L. Terry, Sr.	07-01-04 to 06-30-06 07-01-06 to 06-30-08



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

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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF EAST ALLEN COUNTY SCHOOLS

We have examined the records of the Woodlan Jr/Sr High School Extra-Curricular Account for the period from July 1, 2004 to December 18, 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 Audit Results and Comments.

STATE BOARD OF ACCOUNTS

August 27, 2008

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
AUDIT RESULTS AND COMMENTS

FEE COLLECTIONS NOT RECEIPTED

East Allen County Schools (EACS) charge each student a fee for renting textbooks and a fee for consumable materials such as workbooks. These fees are combined together and called the textbook rental and consumable materials fees (book fees). EACS uses a multi-part materials and fees invoice (TBR form) in lieu of the prescribed form.

EACS's policy states the book fees can be collected by the Extra-Curricular Treasurer or another issuing officer, such as a homeroom teacher. When the Extra-Curricular Treasurer or another issuing officer collects the book fees, the original (white copy) of the TBR form is to be given to the payer (student or parent). The duplicate (pink copy) is to be retained by the issuing officer (Extra-Curricular Treasurer) and the triplicate (yellow copy) is to be filed alphabetically in the School Corporation office. All duplicates of TBR form are filed alphabetically, by student last names, in the office of the Extra-Curricular Treasurer for audit purposes. When the issuing officer is someone other than the Extra-Curricular Treasurer, the duplicate TBR form, together with book fees collected, is transmitted daily to the Extra-Curricular Treasurer. The Extra-Curricular Treasurer requires the issuing officer to submit a summary or recap sheet of all fees collected by grade or other designated categories. The total of the summary or recap sheet agrees with the total of all TBR forms submitted for the day.

EACS's policy is at the end of each day, the Extra-Curricular Treasurer reconciles the total of duplicate TBR forms to the book fees collected and prepares an extra-curricular receipt for the total collected. The total of all extra-curricular receipts for the day is then reconciled to the total collections and deposited in the bank. The collections are deposited in the same form in which they were received. The Extra-Curricular Treasurer prepares a bank deposit slip listing cash and checks separately on the form. A detailed listing of checks is attached to the duplicate deposit slip. Receipts are deposited into the approved depository without unreasonable delay.

The Extra-Curricular Treasurer, at Woodlan Jr/Sr High School, was responsible for receipting and depositing book fee collections according to the procedures described above. We determined that Mary B. Condra, former Extra-Curricular Treasurer, did not properly receipt and deposit \$36,961.20 by comparing paid duplicate TBR forms to extra-curricular receipts issued. The extra-curricular receipts issued were determined to be in agreement with deposits. We detailed the differences in the following schedule:

	<u>07-01-04 to 06-30-05</u>	<u>07-01-05 to 06-30-06</u>	<u>07-01-06 to 06-30-07</u>	<u>07-01-07 to 12-18-07</u>	<u>Totals</u>
Book fees collected according to paid duplicate TBR forms:					
Collected from parents/students	\$ 110,170.42	\$ 101,129.02	\$ 110,776.77	\$ 67,014.40	\$ 389,090.61
Collected by collection agency	<u>1,960.00</u>	<u>5,454.01</u>	<u>3,920.76</u>	<u>693.19</u>	<u>12,027.96</u>
Total collected	<u>112,130.42</u>	<u>106,583.03</u>	<u>114,697.53</u>	<u>67,707.59</u>	<u>401,118.57</u>
Book fees receipted/deposited according to ledger:					
Textbook rental	62,112.38	50,642.06	51,934.85	34,093.17	198,782.46
Consumable materials	<u>44,990.64</u>	<u>46,467.65</u>	<u>45,658.24</u>	<u>28,258.38</u>	<u>165,374.91</u>
Total receipted/deposited	<u>107,103.02</u>	<u>97,109.71</u>	<u>97,593.09</u>	<u>62,351.55</u>	<u>364,157.37</u>
Book fees not receipted/deposited	<u>\$ (5,027.40)</u>	<u>\$ (9,473.32)</u>	<u>\$ (17,104.44)</u>	<u>\$ (5,356.04)</u>	<u>\$ (36,961.20)</u>

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

Mary B. Condra, former Extra-Curricular Treasurer, has been requested to reimburse \$36,961.20 to East Allen County Schools. (See Summary, page 12)

A receipt is to be issued for any and all money received. A separate receipt shall be issued for each amount of money received. The duplicate serves as a register of receipts from which all receipts are posted to the proper activity funds and the control account. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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)

#### UNDEPOSITED CASH

EACS's policy requires the Extra-Curricular Treasurer to issue receipts for all monies received. The receipts indicate whether the monies received were by check or cash. The receipts are deposited in the bank without reasonable delay and in the same form in which they were received. The Extra-Curricular Treasurer prepares the bank deposit slips and deposits the monies in the bank. The Woodlan Jr/Sr High Extra-Curricular Treasurer is responsible for preparing all bank deposits slips according to policies established by the School Corporation's administration.

We reviewed all bank deposits from August 1, 2004 to November 30, 2007, in the process of investigating the discrepancies noted in the previous comment. Our review of bank deposits included comparing the composition of checks and cash according to the extra-curricular collection slips (a form prepared by extra-curricular activity sponsors documenting collections turned into the Extra-Curricular Treasurer) and receipts to the composition of checks and cash according to the bank deposit slip for each bank deposit. We found variances on 260 of the 1,225 bank deposits reviewed. The bank deposit slip showed more checks and less cash being deposited than was actually collected in almost all of the variances.

We noted checks collected were held sometimes and not deposited initially. Cash collected at a later date was then replaced with held checks for the bank deposit. The cash was receipted but never deposited and the checks were deposited but never receipted to Woodlan Jr/Sr High School's records.

We requested copies of the deposit composition from the bank for several of the deposits with larger variances. The depository provided us with microfilmed copies of the transactions making up the bank deposit slips. We identified 189 checks that were deposited in lieu of cash by analyzing these copies. Checks totaling \$15,902.97 (172 checks) were either payments for book fees from parents/students or payments from the collection agency contracted to collect unpaid book fees. The remaining 17 checks totaling \$1,285.71 were not related to book fees. None of the 189 checks were receipted or recorded into the School's extra-curricular records. We determined that Mary B. Condra, former Extra-Curricular Treasurer, did not properly receipt and deposit monies received.

Mary B. Condra, former Extra-Curricular Treasurer, has been requested to reimburse \$1,285.71 to East Allen County Schools. The \$15,902.97 related to book fees is included in the amount requested for reimbursement in the prior comment. (See Summary, page 12)

The treasurer shall deposit without unreasonable delay, all receipts in one bank account to be known as the "**(name of school)** School Extra-Curricular Account." (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received." (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

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)

OFFICIAL BONDS

The Woodlan Jr/Sr High School Extra-Curricular Treasurer was covered under the following Public Official Position Schedule Bonds:

Surety: Ohio Farmers Insurance Company  
Term: July 1, 2004 Until Cancellation of Bond  
Amount: \$20,000  
Bond Number: 0594302  
Bound Unto: State of Indiana

Surety: Ohio Farmers Insurance Company  
Term: July 1, 2005 Until Cancellation of Bond  
Amount: \$20,000  
Bond Number: 0594302  
Bound Unto: State of Indiana

Surety: Ohio Farmers Insurance Company  
Term: July 1, 2006 Until Cancellation of Bond  
Amount: \$20,000  
Bond Number: 0594302  
Bound Unto: State of Indiana

Surety: Ohio Farmers Insurance Company  
Term: July 1, 2007 Until Cancellation of Bond  
Amount: \$20,000  
Bond Number: 0594302  
Bound Unto: State of Indiana

EAST ALLEN COUNTY SCHOOLS ADDITIONAL AUDIT COSTS

The School Corporation incurred costs of \$492 for copies of bank records. The copies were used to investigate checks substituted for cash on bank deposits.

Mary B. Condra, former Extra-Curricular Treasurer, was responsible for the additional audit costs and has been requested to reimburse \$492 to East Allen County Schools. (See Summary, page 12)

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(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)

ADDITIONAL AUDIT COSTS

The State of Indiana has incurred additional audit costs in the investigation of the Woodlan Jr/Sr High School Extra-Curricular Account. The additional audit time resulted from investigating fee collections not receipted and checks substituted for cash on bank deposits. Additional audit costs totaled \$30,620.86.

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2008, with Mary B. Condra's Attorney. Mary B. Condra's initial response has been made a part of this report and may be found on pages 9 through 11.

# GRAY & FRIEND, LLP

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TRAVIS S. FRIEND  
Attorney at Law  
tsf@grayandfriend.com

September 15, 2008

Indiana State Board of Accounts  
Attn: William F. Akey, CPA  
City County Building, Room B-88  
Fort Wayne, IN 46802

**HAND-DELIVERED**

Re: **Preliminary Audit Report of Woodlan Jr./Sr. High School  
Extra-Curricular Account, East Allen County School  
July 1, 2004- December 18, 2007  
My Client: Mary B. Condra**

Dear Mr. Akey:

Mary B. Condra, by counsel, submits her initial response to the Preliminary Audit Report ("Report") described above. The contents of this Report were reviewed with Ms. Condra. Please be advised that Ms. Condra disputes the proposed findings and conclusions. Ms. Condra specifically denies any allegations of wrongful conduct or in any way misappropriating any money belonging to Woodlan Jr./Sr. High School. Should you need any further information, Ms. Condra would be pleased to supplement her written response if necessary or helpful. With respect to the Report, please be advised that all textbook fees and any cash monies collected by Ms. Condra were deposited in the bank on behalf of her employer. Furthermore, no cash was ever taken by her as the Report implies.

With respect to school activities, the Report does not appear to address the following school activities and events that may need to be further examined by the Board of Accounts, including but not limited to:

1. **Textbook payment plans.** Many students/parents set up payment plans for paying book fees. Installment payments were kept on a time payment card and would be marked paid in full when they made their final payment. For example, if a parent had been making monthly installments on a book fee statement of \$300.00 and their last payment was \$10.00, the book fee statement would be marked paid in full at that time. Thereafter, a TBR form would be issued and total collections and deposits for that day would be \$10.00, not \$300.00. I understand that employees were never asked to keep time card payments and that such cards were discarded. It is unclear whether the Report has considered this issue.

2. **Cash boxes.** I also understand there were many times when a school club or some activity would need a cash box immediately for selling different things (example: tickets, fundraiser items, etc.). While a couple days notice was to be procedurally given, when you deal with students and adults, advance notice wasn't always given to the treasurer. To initially fund a cash box, for example, if a check had been received as payment for a book fee, that check may be substituted in another deposit for the cash removed that was then temporarily provided to a club for their start up cash box. After the event was completed, the club was to return their deposit from the cash box and funds provided to them for the start up were deposited into an account as originally designed for deposit.
3. **Leave of absences.** The Report also fails to mention some significant leave of absences that Ms. Condra received for foot surgery and federal jury duty (approximately 6 weeks). Obviously, for each day that Ms. Condra was out, be that for vacation, surgery, jury duty, holidays, illness, etc. others obviously assisted in the receipting of money and making deposits. A review of those records should reveal that during that time a deposit(s) was lost. I believe that an adjusting entry was likely made in the records and month-end report. Please note that Ms. Condra is no way suggesting that any co-worker misappropriated funds. Rather, the point is that other individuals besides Ms. Condra collected funds, issued receipts, made deposits, and had access to the safe.
4. **Accounting program.** Unfortunately, Ms. Condra advises there has been some trouble with the Woodlan bookkeeping program that all EACS schools reportedly used. Apparently, it was somewhat out-of-date and had some glitches. This program was used for the extra-curricular accounts. Evidently, one year when Ms. Condra was rolling over balances from one school year to the next, a lot of the balances changed amounts. There have also been situations that deposits were recorded under different account numbers. Ms. Condra understands that most East Allen bookkeepers used the same password to access their extra-curricular accounts to do their bookkeeping, and it was possible for individuals to get into each others accounting programs.
5. **Deposits.** Ms. Condra also indicates that while employed at Woodlan Jr./Sr. High School, at least five (5) other individuals had some responsibility for making and did in fact make deposits. We would be pleased to provide the names/titles to you, although I suspect that information is readily available though not reflected in the Report. Furthermore, Ms. Condra was not allowed any overtime. In this respect, if time did not allow her to make daily deposits, funds were to be locked in the safe

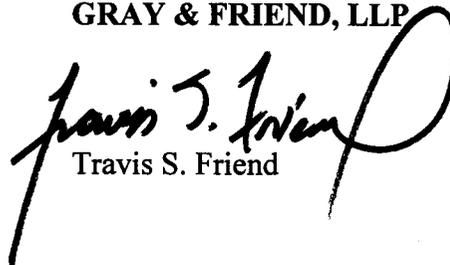
overnight. Additionally, there were many times that Ms. Condra would return to work and find money left on her desk for a deposit out in the open.

6. **Yearly reviews.** At the end of every school year, Ms. Condra reports that each treasurer within the school system sent records to the EACS Financial Assistant for review. Ms. Condra also went through prior audits with the Board of Accounts while employed with EACS without any reported problems. Consequently, she was very aware that everything had to balance and to the best of her knowledge, everything did. If the yearly book fee balances did not match receipts, it is confusing to Ms. Condra why this wasn't brought to her attention then in a timely manner to address. To our knowledge, no one ever questioned Ms. Condra's yearly bookkeeping activities or the content of her character.
7. **Bookkeeping records.** After Ms. Condra's departure in January 2008, it was reported that some bookkeeping records were removed from storage and shredded. In this regard, we would ask for confirmation whether any such activity in fact occurred. To my knowledge, I trust that document expungement of bookkeeping records can only be done by the approval of the appropriate authority. Obviously, we would respectfully request that all necessary documents since 2004 with regard to any issues under consideration in this case be properly preserved.

Based upon the foregoing, Ms. Condra respectfully requests that the Report's allegation with respect to any implied misappropriation of funds by her be determined unsubstantiated and amended accordingly.

Very truly yours,

GRAY & FRIEND, LLP



Travis S. Friend

TSF:mmg

cc: Mary Condra (via email)

WOODLAN JR/SR HIGH SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
EAST ALLEN COUNTY SCHOOLS  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Mary B. Condra, former Treasurer:			
Fee Collections Not Receipted, page 4 and 5	\$ 36,961.20	\$ -	\$ 36,961.20
Undeposited Cash, pages 5 and 6	1,285.71	-	1,285.71
East Allen County Schools			
Additional Audit Costs, pages 6 and 7	<u>492.00</u>	<u>-</u>	<u>492.00</u>
Totals	<u>\$ 38,738.91</u>	<u>\$ -</u>	<u>\$ 38,738.91</u>

