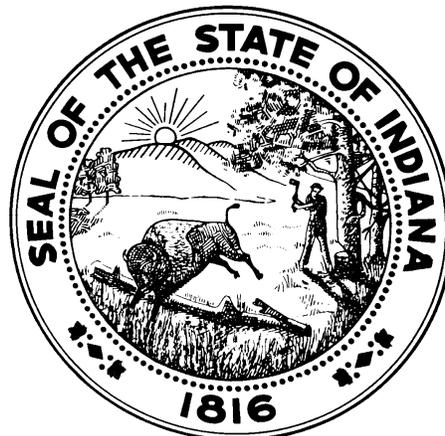


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
GARY COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

07/07/2009

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SCHOOL CORPORATION OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carolyn V. Keith Alesia Y. Pritchett	07-01-06 to 02-16-07 02-17-07 to 06-30-09
Superintendent of Schools	Dr. Mary Steele-Agee Vacant Dr. Myrtle V. Campbell (Interim)	07-01-06 to 12-19-08 12-20-08 to 12-21-08 12-22-08 to 06-30-09
President of the School Board	Alex Wheeler, Jr. Nellie F. Moore	07-01-06 to 06-30-07 07-01-07 to 06-30-09
Principal of Frankie W. McCullough Academy for Girls	Pearl Prince	07-01-06 to 06-30-09
Extra-Curricular Treasurer of Frankie W. McCullough Academy for Girls	Cynthia J. Smith	07-01-06 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE GARY COMMUNITY SCHOOL
CORPORATION, LAKE COUNTY, INDIANA

We have audited the records of the Frankie W. McCullough Academy for Girls for the period from July 1, 2006 to June 30, 2008, 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

April 30, 2009

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

The Extra-Curricular Treasurer issued a computerized official receipt for \$1,656.52 on December 11, 2006, for collections from the "Secret Santa" program. These collections were not deposited, but were reported on the December 31, 2006, bank reconciliation as "cash on hand/receipted December 2006 not deposited" which was carried on the bank reconciliations through January 31, 2008. The Treasurer issued a hand-written receipt (SA-3) on February 18, 2008, for \$1,656.52 for Scholastic Book Fair collections. The receipt was not entered into the computer system but the collections were deposited. The deposit was reported as "Secret Santa" collections and was used to clear the reconciling item first reported on the December 31, 2006, bank reconciliation. A review of the composition of the deposit revealed that the checks included were for "books" and were dated in February 2008.

The Scholastic Book Fair invoice for the February 2008 event indicated that \$1,682.50 had been collected. No deposit, in addition to the one noted above, reported as book fair collections was made. The Scholastic Book Fair invoice for the 2007 event indicated that \$1,710.00 had been collected. No receipt was issued and no deposit was made for these collections.

We have requested that Cynthia J. Smith, Extra-Curricular Treasurer, reimburse the school \$3,392.50; \$1,682.50, and \$1,710.00, respectively, for the 2008 and 2007 Scholastic Book Fair receipts not deposited. (See Summary, page 8)

Because book fair collections were not deposited, disbursements to Scholastic Book Fair were made from the Teacher Vending and T-Shirt Fundraiser Funds.

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)

CASH NECESSARY TO BALANCE

A reconciliation of the record balance to the bank balance indicated a record balance in excess of the available bank balance of \$27.66 at June 30, 2008.

We have requested that Cynthia J. Smith, Extra-Curricular Treasurer, reimburse the school \$27.66 for the cash necessary to balance. (See Summary, page 8)

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)

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ADDITIONAL AUDIT COSTS – RECEIPTS NOT DEPOSITED

Additional audit costs were incurred due to receipts which were not deposited in the amount of \$2,269.80.

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)

PUBLIC OFFICIAL BOND

Gary Community School Corporation has a Public Official Bond which covers their extra-curricular treasurers. The bond is with Liberty Mutual Insurance Company and provides \$10,000 of coverage for the extra-curricular treasurer at Frankie W. McCullough Academy for Girls.

INTERNAL CONTROL OVER RECEIPTS

The following deficiencies relating to the internal control over receipts were noted:

1. Receipt numbers were not issued in numerical sequence. On January 4, 2007, receipt number 98 was issued, followed by number 900083, which was then followed by number 99. The computer software allows the treasurer to assign receipt numbers.
2. Collections were not deposited within a reasonable time. The school had armored car service twice per week yet some collections were not deposited until 30 days after being receipted.
3. Receipts were not always written at the time collections were received.
4. Duplicate deposit slips for the 2006-2007 school year were not presented for audit; therefore, we were unable to verify that receipts were deposited in the same forms in which they were received.
5. The composition on the receipts did not agree with the bank deposit in two instances for deposits reviewed which were supported by duplicate deposit tickets.

IC 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

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)

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)

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

INTERNAL CONTROL OVER DISBURSEMENTS

The following deficiencies relating to the internal control over disbursements were noted:

1. Eleven of the Purchase Order Accounts Payable Voucher Forms (SA-1) reviewed did not list the check number used to disburse the funds.
2. One disbursement reviewed was not supported by an SA-1.
3. Sixteen SA-1's reviewed were posted to a fund different from the fund indicated on the SA-1.
4. Disbursements for some activities were not made from the fund in which the collections for those activities were posted. Collections for a field trip were receipted into the Revolving Account but disbursed from the Student Vending Fund.

The Purchase Order and Accounts Payable Voucher (SA-1) is to be used when a purchase is made for delivery at a later date. The form is to be executed in full and signed by the person authorized to purchase for the particular activity concerned . . . After payment is made, the check number and date the voucher is paid are entered on the duplicate copy before filing . . . The date and check number must also be entered on the file copy (triplicate) . . . (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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)

Separate funds are required for each class or activity.

IC 20-41-1-4 further provides that no money shall be transferred from the fund of any organization, class or activity except by a majority vote of its members, if any, and by the approval of the principal, sponsor and treasurer of the organization, class or activity; except that in the case of athletic funds, approval of the transfer shall be made by the athletic director, principal and treasurer. . . . (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
GARY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2009, with Alesia Y. Pritchett, Treasurer; Pearl Prince, Principal; Cynthia J. Smith, Extra-Curricular Treasurer; Robin Jacobs-Pratt, Supervisor of Secretaries; and Dr. Cordia Moore, Executive Director of Elementary and Secondary Studies.

FRANKIE W. McCULLOUGH ACADEMY FOR GIRLS
 GARY COMMUNITY SCHOOL CORPORATION
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Cynthia J. Smith, Extra-Curricular Treasurer:			
Receipts Not Deposited, page 4	\$ 3,392.50	\$ -	\$ 3,392.50
Cash Necessary To Balance, page 4	27.66	-	27.66
Paid May 11, 2009, Receipt 39353	<u>-</u>	<u>1,500.00</u>	<u>(1,500.00)</u>
Totals	<u>\$ 3,420.16</u>	<u>\$ 1,500.00</u>	<u>\$ 1,920.16</u>

AFFIDAVIT

STATE OF INDIANA)
Porter COUNTY)

We, Karen A. Tetrault and Susan M. Lardino, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Frankie W. McCullough Academy for Girls, Gary Community School Corporation, Lake County, Indiana, for the period from July 1, 2006 to June 30, 2008, is true and correct to the best of our knowledge and belief.

Karen A. Tetrault

Susan M. Lardino
Field Examiners

Subscribed and sworn to before me this 16th day of June, 2009.

Melissa M. Hartley
Notary Public

My Commission Expires: 1/4/12
County of Residence: Porter