

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

AUDIT REPORT  
OF

CENTERVILLE-ABINGTON RECREATIONAL  
EDUCATIONAL SERVICES (CARES)  
CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
WAYNE COUNTY, INDIANA

July 1, 2006 to October 14, 2008



**FILED**  
08/19/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Assistant Coordinator	Juanita Brandon	07-01-06 to 10-13-08
Coordinator	Shannon Hurst	07-01-06 to 06-30-09
Superintendent of Schools	Philip S. Stevenson	07-01-06 to 06-30-09
President of the School Board	Susan Hamilton John Staats Tim Eadler	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CENTERVILLE-ABINGTON COMMUNITY  
SCHOOLS, WAYNE COUNTY, INDIANA

We have audited the records of the Centerville-Abington Recreational Educational Services (CARES), for the period of July 1, 2006 to October 14, 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

June 3, 2009

CENTERVILLE-ABINGTON RECREATIONAL EDUCATIONAL SERVICES (CARES)  
CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

COLLECTIONS NOT DEPOSITED

Juanita Brandon, former Assistant Coordinator of Centerville-Abington Recreational Educational Service (CARES), failed to issue receipts and deposit all collections received. Based on a review of detailed deposits obtained from the bank, checks deposited were not supported by receipts issued. Amounts collected as evidenced by unofficial prenumbered receipts exceeded bank deposits by a total of \$2,915.33 for the period August 4, 2006 to October 14, 2008, as noted by the following.

<u>Receipts Issued for Period</u>	<u>Receipts</u>	<u>Deposits</u>	<u>Difference</u>
August 4, 2006 to May 4, 2007	\$ 39,745.79	\$ 39,589.76	\$ 156.03
August 3, 2007 to March 17, 2008	28,194.20	26,217.65	1,976.55
August 18, 2008 to October 14, 2008	<u>2,317.75</u>	<u>1,535.00</u>	<u>782.75</u>
Totals	<u>\$ 70,257.74</u>	<u>\$ 67,342.41</u>	<u>\$ 2,915.33</u>

Juanita Brandon failed to respond to a certified letter to attend an exit conference. Therefore, we requested Juanita Brandon, by means of Notice of Report of Examination, to repay \$2,915.33 to the Centerville-Abington Community Schools.

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 Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS

Daily sign in sheets were used to account for the students attending CARES. The number of hours attended were totaled at the end of each week. A detailed accounts receivable ledger by individual and a control were not maintained. A monthly recap sheet was prepared which documented student name, beginning balance, charges, payments, and ending balance. Weekly charges and payments were documented on the monthly recap sheet; however, the monthly recap sheet did not provide columns noting receipt date, receipt number, receipt amount, and billing period. Siblings were not grouped together on the form causing difficulties in tracking payments. The monthly recap sheet ending balances were not always carried to the beginning of the next month.

Billing invoices were not prepared for amounts charged. The daily sign in sheets were used to determine billings, but not all were retained for audit. At times, billings computed from the daily sign in sheets were incorrect and were not posted to the monthly recap sheets. A review of amounts charged per the daily sign in sheets indicated amounts were not computed properly. Charges were not always posted to the monthly recap sheet. As parents pay, employees reviewed the monthly recap sheet to determine the amount owed.

CENTERVILLE-ABINGTON RECREATIONAL EDUCATIONAL SERVICES (CARES)  
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AUDIT RESULTS AND COMMENTS  
(Continued)

Individuals making payments were given a nonapproved receipt. Daily receipts issued were not reconciled to bank deposit slips. Daily receipt totals were not transmitted to the School Corporation Treasurer resulting in the School Corporation Treasurer using bank deposit slips to post to the School Corporation accounting system. Deposit slips on file at the School Corporation Office did not contain check numbers and corresponding names of payers. We were required to contact the bank to obtain copies of all the checks included in each deposit.

The Assistant Coordinator's responsibilities included extending the daily sign in sheets, issuing receipts, posting the monthly recap sheets, preparing bank deposits and taking the bank deposits to the bank. We noted the majority of the receipts were issued by the Assistant Coordinator. The Coordinator and the School Corporation Treasurer stated they did not take any deposits for CARES to the bank.

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)

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 payers. (Accounting and Uniform Compliance Manual for Indiana Public School Corporation, Chapter 9)

The source document for posting to the Ledger of Receipts is the duplicate receipt (carbon copy of Form Number 517). Each duplicate receipt is posted individually to the Ledger of Receipts and the Balance column used to accumulate the total receipts to date for that source or account number. The total of the receipts for each fund is posted to that fund account for each day's posting run. The total of all receipts written shall also be posted to the All Funds-Control account. (Accounting and Uniform Compliance Manual for Indiana Public School Corporation, Chapter 4)

For proof of accuracy in posting receipts, follow these steps:

1. Total the receipts in the Ledger of Receipts by fund and prove to the total of the receipts column of the fund account.
2. Total the receipts of all of the funds in the Fund Ledger and prove to the total of the receipts column of the All Funds - Control account.
3. Prove the balance of the All Funds - Control account to the closing balance on the Treasurer's Daily Balance of Cash and Depositories.

The Ledger of Receipts should be maintained on a fiscal year (school year) basis beginning on July 1 and ending on June 30 of the following calendar year. (Accounting and Uniform Compliance Manual for Indiana Public School Corporation, Chapter 4)

CENTERVILLE-ABINGTON RECREATIONAL EDUCATIONAL SERVICES (CARES)  
CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

PUBLIC RECORDS RETENTION

The following records were not presented for audit:

Receipt Book for the period May 11, 2007 to August 1, 2007  
Receipt Book for the period March 14, 2008 to August 13, 2008  
Monthly Recap Sheets  
Daily Sign In Sheets

The original and duplicate receipt numbers 4045, 4046, 4047, and 4048 were torn from the receipt book for the period November 19, 2007 to March 14, 2008.

IC 5-15-6-3(d) states:

"(d) No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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 Indiana Public School Corporations, Chapter 9)

IC 5-15-6-8 states:

"A public official or other person who recklessly, knowingly, or intentionally destroys or damages any public record commits a Class D felony unless:

- (1) the commission shall have given its approval in writing that the public records may be destroyed;
- (2) the commission shall have entered its approval for destruction of the public records on its own minutes; or
- (3) authority for destruction of the records is granted by an approved retention schedule established under this chapter."

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PREScribed FORMS

Nonprescribed receipts were issued. The following deficiencies were noted:

1. Receipts did not have the School Corporation name on the receipt, and may be purchased by anyone at the local office supply business.
2. An inventory of the non-prescribed receipts indicating the receipts purchased and to whom the receipt book was issued was not maintained.
3. The receipt was generally made out to the child not the individual paying the fee.
4. The original copy of the receipt was not always remitted to the individual paying the fee.

The following prescribed or approved forms were not in use:

Prescribed Form 517 (Rev 1997), Receipt  
Prescribed Form 370, Receipt Register

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 Indiana Public School Corporations, Chapter 9)

EMPLOYMENT BENEFITS NOT AUTHORIZED BY THE BOARD OF SCHOOL TRUSTEES

Centerville-Abington Community Schools has elected to provide morning and afternoon after school care. The program is entitled Centerville-Abington Recreational Educational Service (CARES). Children of CARES employees have been attending the CARES program without paying for the services provided. The Associate Coordinator had two children participating in the program without paying for the services provided.

The School Board of Trustees has not authorized in the board minutes or administrative regulations a policy for children of employees to attend free of charge. Additionally, there was no record of these benefits being processed through the School Corporation's payroll function.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

IC 20-26-5-20 states in part:

"The governing body of any school corporation may:

- (1) permit any of its facilities to be used by any person in situations and at times that do not interfere with use of the facility for school purposes, including:
  - (A) use of a swimming pool or other athletic facility; or

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(Continued)

(B) use of classrooms or other space in a school for purposes of school age child-care; and

(2) incur any necessary expense in the use or operation of the facility.

The governing body may set up and charge a schedule of fees for admission to or use of any facility outside the school corporation's regular school program. Fees shall be deposited in the general fund or the extracurricular account of the school corporation."

### DEPOSITS

The general policy for depositing Centerville-Abington Recreational Educational Service (CARES) fees has been once a week. These fees are collected and deposited within the General Fund and were not deposited by the next business day.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

### BOND INSURANCE COVERAGE

Juanita Brandon, former Assistant Coordinator of CARES Club, was covered under an employee dishonesty policy in the amount of \$2,000 per year which was obtained by Centerville-Abington Community Schools.

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CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
EXIT CONFERENCE

We attempted to contact Juanita Brandon, former Assistant Coordinator, by certified letter to schedule an exit conference for June 16, 2009, to discuss the contents of this report. Ms. Brandon failed to appear.

The contents of this report were discussed on June 16, 2009, with John Staats, member of the School Board; Philip Stevenson, Superintendent of Schools; and Mark Campbell, Assistant Superintendent of Schools. The officials concurred with our findings.

CENTERVILLE-ABINGTON RECREATIONAL EDUCATIONAL SERVICES (CARES)  
CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
SUMMARY

	Charges	Credits	Balance Due
Juanita Brandon, former Assistant Coordinator: Collections Not Deposited, page 4	\$ 2,915.33	\$ -	\$ 2,915.33

