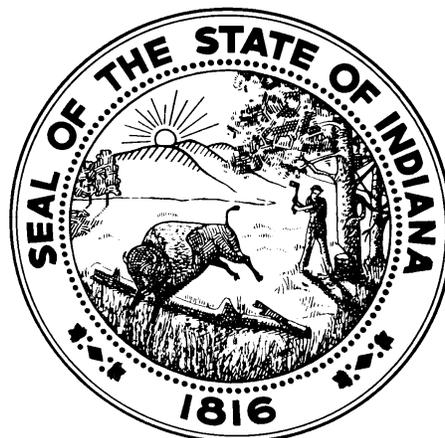


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

SOUTHWEST ELEMENTARY SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
JOHNSON COUNTY, INDIANA

July 1, 2004 to September 30, 2007



**FILED**

03/09/2010



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## SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer	Lesli S. Bass	08-11-03 to 09-12-07
	(Vacant)	09-13-07 to 09-18-07
	Denise Warford	09-19-07 to 06-30-10
Treasurer	Thomas G. Mandon	07-01-04 to 09-04-06
	Randall A. Burns	09-05-06 to 06-30-10
Superintendent of Schools	David E. Edds	07-01-04 to 06-30-10
President of the School Board	Jerry R. Engle	01-01-04 to 12-31-05
	Michael K. Bass	01-01-06 to 12-31-06
	Jerry R. Engle	01-01-07 to 12-31-07
	Joseph W. Farley	01-01-08 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GREENWOOD COMMUNITY SCHOOL CORPORATION

We have examined the records of the Southwest Elementary School Extra-Curricular Account for the period from July 1, 2004, to September 30, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Audit Reports of Greenwood Community School Corporation.

June 24, 2009

STATE BOARD OF ACCOUNTS

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

We noted in our examination of the cafeteria daily paper work numerous instances where receipts were not issued timely nor were deposits made in a timely manner.

Also, based on conversations with the Cafeteria Manager, the former Extra-Curricular Treasurer did not consistently issue a receipt when the Cafeteria Manager turned her cafeteria collections over to the former Extra-Curricular Treasurer. According to the Cafeteria Manager, there were also instances when the Cafeteria Manager left her "daily receipts" worksheet and money on the former Extra-Curricular Treasurer's chair. The original receipt in each of these cases would be given at a later date. The Cafeteria Manager also indicated that she did not consistently match these receipts to her "daily receipts" worksheets, to ensure that receipts were written for all monies that she had turned in to the former Extra-Curricular Treasurer.

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)

DEPOSITS

Receipts in numerous instances were not timely deposited. There were instances where the cafeteria funds were receipted and deposited from nine to forty-five days late. Ten days' collections of eighteen schools days in May 2007 were receipted and subsequently deposited from nine to thirteen days late. Six days' collections were receipted and deposited on May 31, 2007. There were two instances in March and April 2007, where the collections were receipted and deposited forty-five days and thirty days late.

Due to a lack of supporting documentation presented for examination we could not determine the date that other funds were received.

Also, we noted an instance where the listing of currency/coins from the Cafeteria Manager's daily summary sheet had been changed on the former Extra-Curricular Treasurer's copy, from currency of \$96.00 and coins of \$10.55 to currency of \$31.00 and coins of \$75.55. There was no indication that the change had been made with the Cafeteria Manager's knowledge.

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

PUBLIC RECORDS RETENTION

Some school lunch records were not presented for examination. The School Corporation changed software and software vendors for the elementary schools between the 2006-2007 and 2007-2008 school year. Cafeteria managers were to print out all required reports and information for examination purposes. However, the Southwest Elementary School Cafeteria Manager did not print all available reports.

Upon inquiry, Officials obtained the data backup files that had been retained by the Cafeteria Manager and requested that the software vendor attempt to restore the data. However, sufficient backup files were not located to enable the vendor to actually restore the requested data.

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
 GREENWOOD COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

Also, we noted several individual student account history printouts dated in the fall of 2005 with negative balances (example: \$513.40, \$245.00 and \$247.40); however, due to a lack of records, we were unable to determine the status of those accounts.

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 Extra-Curricular Accounts, Chapter 7)

CAFETERIA COLLECTIONS NOT RECEIPTED OR DEPOSITED

There were two instances noted where the cafeteria collections were not receipted or deposited.

<u>Date of Collections</u>	<u>Currency and Coins</u>	<u>Checks</u>	<u>Totals</u>
May 8, 2007	\$ 168.21	\$ 327.65	\$ 495.86
May 23, 2007	112.45	5.00	117.45
Totals	<u>\$ 280.66</u>	<u>\$ 332.65</u>	<u>\$ 613.31</u>

The information was obtained from the Cafeteria Manager's copy of the "daily receipts" worksheet for those two days. There was no record of these collections in the former Extra-Curricular Treasurer's files.

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)

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 . . ."

INTERNAL CONTROLS – YEARBOOKS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
 GREENWOOD COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

No vendor payments for the 2006-2007 yearbook were made by the former Extra-Curricular Treasurer. The invoice amount was \$5,158.82. The same company that printed the yearbooks also was used for school pictures. The company retained the School's picture commissions to reduce the unpaid balance. Picture commissions used to reduce the balance due were: fall 2007 \$1,976.12; spring 2008 \$890.00; fall 2008 \$1,894.10. As of April 10, 2009, the remaining balance due was \$398.60.

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)

ACCOUNTABLE ITEMS – YEARBOOKS

Detailed records for the sales of yearbooks were not available for examination. We were not presented with records of the number of yearbooks which were sold, supporting documentation of the actual sales to students or the number sold at any given time, or a final reconciliation of the yearbooks available for sale to the actual collections and the unsold yearbooks on hand for any of the school years. Receipts were issued for lump sums of money, with no supporting documentation of who the yearbooks were sold to, or how many yearbooks were sold, or the dates that those yearbooks were sold.

An analysis of records presented for examination for yearbook sales indicated that there were not sufficient funds deposited for the 2004-2005, 2005-2006, and 2006-2007 school years.

School Year	Yearbooks Available For Sale	Less: Copies On Hand	Yearbooks Available For Sale	Yearbook Price	Calculated Yearbook Collections	Actual Yearbook Collections	Difference
2004-2005	375	2	373	\$ 15	\$ 5,595	\$ 2,120	\$ 3,475
2005-2006	301	20	281	20	5,620	5,320	300
2006-2007	301	37	264	20	5,280	4,840	440
Totals	<u>977</u>	<u>59</u>	<u>918</u>		<u>\$ 16,495</u>	<u>\$ 12,280</u>	<u>\$ 4,215</u>

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)

Lesli S. Bass, former Extra-Curricular Treasurer, was requested to repay \$4,215. (See Summary, page 13)

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
 GREENWOOD COMMUNITY SCHOOL CORPORATION  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining adequate supporting documentation. The cash balances in one instance, of two funds were changed by \$862.95. No supporting documentation was observed, which would explain why the adjustment was made. We were able in another instance, to determine that two posting errors were made, which resulted in the \$9,595.45 difference shown in the following table.

	<u>Balance</u>		<u>Balance</u>		<u>Difference</u>
	<u>December 31, 2004</u>		<u>January 1, 2005</u>		<u>Difference</u>
Fund 60 Cafeteria Fund	\$ 13,219.23	\$	22,814.68	\$	9,595.45
Fund 62 Prepaid Food	11,818.90		2,223.45		(9,595.45)

	<u>Balance</u>		<u>Balance</u>		<u>Difference</u>
	<u>June 30, 2005</u>		<u>July 1, 2005</u>		<u>Difference</u>
Fund 60 Cafeteria Fund	\$ 30,059.89	\$	29,196.94	\$	(862.95)
Fund 62 Prepaid Food	(328.91)		534.04		862.95

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECONCILIATION OF SUBSIDIARY LEDGERS

Information was not submitted for examination to document that the Prepaid Food Fund had been reconciled to a subsidiary record of student cash balances each month.

The School Cafeteria has two funds, which are kept as a part of the Southwest Extra-Curricular Account. These are the School Cafeteria Fund and the Prepaid Food Fund.

The Prepaid Food Fund accounts for the prepayment of school meals for students. The cafeteria software did not provide a listing by student of cash balances which agreed to the sum of the Prepaid Food Fund. The Cafeteria Manager and the Extra-Curricular Treasurer did not work together to ensure that the Prepaid Food Fund balances with the subsidiary detail of individual student balances each month. The Prepaid Food Fund had the following balance at school year end:

	<u>June 30, 2005</u>		<u>June 30, 2006</u>		<u>May 31, 2007</u>
Prepaid Food Fund	\$ (328.91)	\$	1,161.80	\$	(209.48)

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

At all times, the manual and 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)

PUBLIC RECORDS RETENTION – EXTRA-CURRICULAR RECORDS

The following records were not presented for examination:

1. July 2004 to October 2004 bank statements and cancelled checks
2. 2004-2005 school year textbook rental records

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 Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS – NONSUFFICIENT FUND CHECKS, CASH NECESSARY TO BALANCE

Nonsufficient fund checks (NSF) were posted to a separate account labeled "NSF Checks" in Southwest's accounting software to account for the unpaid balances of nonsufficient fund checks on hand at any given time. However, in some cases, the transactions were not posted correctly. Also, there was no clear audit trail that traced the NSF check back to the original transaction, and subsequently to either collection of the funds or other action to attempt to collect these funds. We noted an instance where a receipt was issued for the repayment made on an NSF check.

As of August 31, 2007, the NSF check account balance was \$2,550.80. There was no supporting documentation as to what checks made up the \$2,550.80 balance, or the status of these checks. The NSF account balance was used, along with the bank account balance, to reconcile to the detailed fund cash balances each month. The net depository balance was \$2,550.80 less than the record balance.

Not all records relating to NSF checks were retained for examination. Therefore, we were unable to trace all transactions to determine if there were missing funds in connection with the NSF checks.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

MILEAGE REIMBURSEMENT

Mileage reimbursement claims for the former Extra-Curricular Treasurer and the Cafeteria Manager were paid from the extra-curricular funds. Payment of the mileage reimbursement was made on Extra-Curricular Forms (either SA-1 or SA-7) without filling out and attaching the Mileage Claim, General Form 101.

Payments examined for mileage reimbursements to the former Extra-Curricular Treasurer noted the following:

1. Two instances where the claim form was not found
2. Three claims did not have the Principal's signature on the claim
3. Five claims only had the calculation of the total miles multiplied by the mileage rate and the total mileage amount to be reimbursed

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)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use, or in some instances, were not properly completed (example: details such as the check number or other information was not included on the form):

SA-1 Purchase Order/Accounts Payable Voucher

SA-7 Claim For Payment

Summary Collection SA-8

SA-9 Accountable Items Review

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)

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

INTERNAL CONTROLS – RECEIPTS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

We were unable to locate supporting documentation for moneys received from Southwest Elementary School staff members. Some examples of the type of receipts for which no supporting documentation was found included bookstore sales (usually handled by the Extra-Curricular Treasurer); sales of wristbands; movie nights including concession sales; also parent payments for annual awards dinners.

We determined during discussions with the Principal, some items purchased which appeared to be bookstore inventory, were given away as student awards. However, no records were kept of these items. Also, wristbands were given away; however, there were some limited sales of wristbands as well. Again, no supporting documentation was kept as to how many were given away and how many were sold.

We noted an instance where a claim was paid in the amount of \$570 for a field trip for students and chaperones. A note on the claim indicated that "it will be paid by students." Supporting documentation concerning collections for the field trip was not presented for examination.

Also, the Principal indicated that the snack machine had been removed, and for a length of time, they were purchasing snacks and selling them to school employees. However, due to a lack of documentation, we were not able to determine whether monies were actually receipted for these types of items. There were receipts for soft drinks for which the profit checks were received directly from the supplier. During the period of time the snack machine had been removed.

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)

INTERNAL CONTROLS – DISBURSEMENTS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient in that:

There were numerous instances noted where invoices, including those for cafeteria purchases, were not paid in a timely manner. An invoice for wristbands in one instance was paid in three payments, with the final payment being made in the next school year.

There were several instances noted where the claims were not signed by the Principal; there were also instances where there was no evidence that the goods or services had been received. Also, there were claims for Cafeteria purchases, which were not signed by the Cafeteria Manager. There was no evidence in several instances, from a signature of either a cafeteria worker, or the Cafeteria Manager, that the goods or services had been received.

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
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EXAMINATION RESULTS AND COMMENTS  
(Continued)

We also noted several statements from various school cafeteria vendors, which reflected late payment fees. However, due to the condition of the files, we were unable to determine whether payments included the late payment fees. There was some indication on a few of the statements that the late fees had been waived at a later date.

Also, we noted at least one instance where a textbook claim was paid without sufficient documentation. A payment was made in the amount of \$11,906.58. The amounts shown on the supporting documentation totaled \$11,565.28, a difference of \$341.30. Upon our request, the current Southwest Extra-Curricular Treasurer contacted the vendor and was able to obtain a copy of the \$341.30 invoice.

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)

BOND COVERAGE

Bond information presented for examination references coverage for the Extra-Curricular Treasurer's position was through Cincinnati Insurance for the periods of July 1, 2004 to June 30, 2005; July 1, 2005 to June 30, 2006; and July 1, 2006 to June 30, 2007, for \$15,000 each year. Additionally, the documents from Cincinnati Insurance use the term "continuation certificates."

The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2009, with David E. Edds, Superintendent of Schools; Randall A. Burns, Treasurer; and Joseph W. Farley, President of the School Board. The officials concurred with our audit findings.

An attempt to contact Lesli S. Bass, former Extra-Curricular Treasurer by certified mail was unsuccessful.

SOUTHWEST ELEMENTARY SCHOOL EXTRA-CURRICULAR ACCOUNT  
GREENWOOD COMMUNITY SCHOOL CORPORATION  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lesli S. Bass, former Extra-Curricular Treasurer: Accountable Items - Yearbooks, page 6	\$ 4,215	\$	\$
Reimbursed on February 22, 2010, Receipt No. 5336	<u>                    </u>	<u>4,215</u>	<u>-</u>
Totals	<u>\$ 4,215</u>	<u>\$ 4,215</u>	<u>\$ -</u>