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

SUPPLEMENTAL AUDIT REPORT FOR LAKE RIDGE SCHOOLS

OF

HOSFORD PARK ELEMENTARY

LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
06/08/2012

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer of Hosford Park Elementary	Rosemary Svast	07-01-09 to 06-30-12
Principal of Hosford Park Elementary	Eric Worthington	07-01-09 to 06-30-12
Superintendent of Schools	Sharon Johnson-Shirley, Ed. D	07-01-09 to 06-30-12
President of the School Board	Richard A. Lowe	07-01-09 to 06-30-12



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TO: THE OFFICIALS OF LAKE RIDGE SCHOOLS

We have audited the records of the Hosford Park Elementary for the period from July 1, 2009 to June 30, 2011, 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

March 27, 2012

HOSFORD PARK ELEMENTARY
AUDIT RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

The extra-curricular accounting records for the 2010-2011 were not available for audit. According to the Extra-Curricular Treasurer the records were inadvertently destroyed with other recyclable items. The Treasurer was able to reproduce the detail ledger of receipts and disbursements from the computer system, provide copies of bank statements and financial information from cafeteria sales. The following records and documentation were destroyed and could not be reproduced:

1. The Purchase Order and Accounts Payable Vouchers (SA-1) and the supporting documentation (i.e. detailed invoices) for purchases made from extra-curricular funds were not available. We were unable to determine if the purchases were allowable from extra-curricular funds.
2. The duplicate receipts issued for collections and the duplicate deposit slips remitted to the bank were destroyed. We could not verify that the composition of cash and checks on the receipts were in agreement with the composition deposited in the bank and we could not verify if all receipts issued were properly deposited.

Indiana Code 5-15-6-3(f) 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)

BOOK FAIR OVERPAYMENT

An annual book fair was conducted for each school year starting in 2009 through 2011.

Scholastic, Inc. provides the books to be sold to students at the book fairs. It is the responsibility of the school to provide a sales report to Scholastic, Inc. The School has the option to retain 25 percent of total sales or to receive books for use in the schools' library. In each case, Hosford Elementary School chose to retain 25 percent of the total sales, by remitting only 75 percent of the total reported collections.

HOSFORD PARK ELEMENTARY
AUDIT RESULTS AND COMMENTS
(Continued)

The Librarian at the school was responsible for collecting the revenue from the book sales, reporting the revenue collected using prescribed Summary for Collection (SA-8) and, remitting the collections to the ECA Treasurer for deposit. The Librarian also prepared the report of sales to Scholastic, Inc.

The ECA Treasurer was responsible for ensuring that the amounts reported on the SA-8 agreed to the collections remitted by the librarian, issuing a receipt to the librarian for the amounts remitted, and issuing a check to Scholastic, Inc., for the 75 percent total collections reported on Scholastic Inc.'s sales report.

We compared the reported sales to the actual collections for the book fairs during the 2009 to 2011 period. One of the book fairs collections was \$353.97 less than the reported sales. This amount represented the credit card sales for the book fair. The librarian believes that the credit card collections were added to the total collections twice. This resulted in an overpayment to Scholastic, Inc., totaling \$353.97. The School is contacting Scholastic, Inc., to resolve the difference and is attempting to receive a refund from Scholastic, Inc.

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

HOSFORD PARK ELEMENTARY
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2012, with Sharon Johnson-Shirley Ed, D., Superintendent of Schools; Rosemary Svast, Extra-Curricular Treasurer of Hosford Park Elementary; Eric Worthington, Principal of Hosford Park Elementary; Edward R. Sopko; Corporation Treasurer; James Huddleston, Business Manager; and G. Annette Wells, School Board member. The Official Response has been made a part of this report and may be found on page 7.

HOSFORD PARK SCHOOL



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March 30, 2012

Response to Audit Results:

Public Records Retention:

Hosford Park School has secured/labeled a metal filing cabinet, located in the main office vault, to store all current/future audit materials.

Book Fair Overpayment:

The librarian and ECA Treasurer have contacted our representative from Scholastic Books to attempt to obtain the overpayment that occurred on the billing from the Book Fair.

A handwritten signature in black ink, appearing to read 'J. Eric Worthington'.

J. Eric Worthington
Principal

A handwritten signature in black ink, appearing to read 'Rosemary T. Svast'.

Rosemary T. Svast
ECA Treasurer