

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

AUDIT REPORT
OF

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2010 to December 17, 2012



FILED
05/14/2013

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SCHOOL CORPORATION OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Alesia Y. Pritchett	07-01-10 to 06-29-12
	(Vacant)	06-30-12 to 07-04-12
	Dr. Cheryl Pruitt (Interim)	07-05-12 to 09-24-12
	Dr. Nikita White	09-25-12 to 06-30-13
Superintendent of Schools	Dr. Myrtle V. Campbell	07-01-10 to 06-29-12
	(Vacant)	06-30-12 to 06-30-12
	Dr. Cheryl Pruitt	07-01-12 to 06-30-13
President of the School Board	Kenneth A. Stalling	07-01-10 to 06-30-11
	Darren Washington	07-01-11 to 12-31-12
	Rosie G. Washington	01-01-13 to 12-31-13
Extra-Curricular Treasurer of Roosevelt College and Career Academy (Closed 06-30-12)	Darrellyn Wilson	07-01-10 to 06-30-12
Extra-Curricular Treasurer of Lew Wallace STEM Academy	Regina Hunter	07-01-10 to 06-30-12
	Darrellyn Wilson	07-01-12 to 01-24-13
Principal of Roosevelt College and Career Academy (Closed 06-30-12)	Phyllis Hammond	07-01-10 to 06-30-12
Principal of Lew Wallace STEM Academy	Lucille Upshaw	07-01-10 to 06-30-11
	LaTanza Boarden	07-01-12 to 06-30-13



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

We have audited the records of the Roosevelt College and Career Academy for the period from July 1, 2010 to June 30, 2012, and the records of Lew Wallace STEM Academy from July 1, 2012 to December 17, 2012, 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

January 24, 2013

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

COLLECTIONS NOT DEPOSITED

At each school, there was an Extra-Curricular Accounts (ECA) Treasurer who maintained exclusive control over the accounting of the ECA collections. The ECA Treasurer was responsible for receipting the collections, preparing the deposit ticket and placing the collections in a secure bank bag for transport and deposit at the bank. The ECA Treasurer was also responsible for recording the receipts in the ledgers, and reconciling the bank account balance to the ledger balance. There was very limited oversight over these functions.

The ECA Treasurer issued three types of receipts for collections: electronic receipts, handwritten prescribed receipts, and handwritten prescribed textbook rental receipts. The electronically issued receipts generated from the School's computer software were automatically recorded in the ledger when issued. The handwritten receipts must be subsequently receipted electronically to be recorded in the ledger.

The ECA Treasurer prepared the deposit ticket, which was in duplicate. The original deposit ticket and collections were placed in a securely sealed bag for transport to the bank by a security transport service. When the bank received the collections, they verified the collections to the deposit ticket, and any discrepancies were reported on the monthly bank statement as a "cash long" or "cash short" with the appropriate addition or deduction made to the bank balance. Cash longs and shorts were noted on the bank statements for Roosevelt College and Career Academy, as well as for Lew Wallace STEM Academy.

Collections not deposited were noted as follows:

Roosevelt College and Career Academy			
Source of Collections	Collections Not Deposited		
	2010-2011	2011-2012	Total
Handwritten prescribed receipts	\$ 2,045.00	\$ -	\$ 2,045.00
Electronic receipts	711.67	4,570.05	5,281.72
Net cash long per the bank statements	(273.00)	(2,035.55)	(2,308.55)
Total Collections not Deposited	\$ 2,483.67	\$ 2,534.50	\$ 5,018.17

Lew Wallace STEM Academy	
Source of Collections	2012-2013
Handwritten prescribed receipts	\$ 42.00
Electronic receipts	10.00
Net cash short per the bank statements	16.00
Total collections not deposited	\$ 68.00

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

We requested Darrellyn Wilson, ECA Treasurer, reimburse Roosevelt College and Career Academy, and Lew Wallace STEM Academy \$5,018.17 and \$68.00, respectively, for collections not deposited. (See Summary of Charges, page, 11)

Indiana Code 20-41-1-9(a) states in part: "The treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay."

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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)

TICKET SALE REPORTS

Roosevelt College and Career Academy used tickets to account for admission fees collected for games and dances. Ticket sale reports were prepared showing the ticket numbers sold and the cost of each ticket. The reports were attached to envelopes containing the ticket stubs which were to support the information on the ticket sale report.

The following deficiencies were noted regarding ticket usage and ticket sale reports:

1. Tickets sold at events were not the same tickets placed in the envelopes to support the ticket sale reports, except for one event reviewed. According to the ECA Treasurer, the tickets sold at the events did not comply with our guidelines, so she would place tickets in the envelopes from a roll of prenumbered two-part tickets, to support the collections. The tickets sold at the events had a McDonald's Restaurant logo on the back of the ticket. For only one of the ticket sale reports reviewed, the tickets in the envelope had the McDonald's Restaurant logo.

Because the tickets placed in the envelopes were not the tickets sold at the event, we could not determine the accuracy of the ticket sale reports. Furthermore, we could not verify that different tickets are used for different price points (i.e. student vs. adult).

2. Most of the ticket sale reports were prepared by the ECA Treasurer, not the ticket seller as required. For some events, duplicate ticket sale reports, with different ticket numbers were prepared by the ECA Treasurer.
3. For two events, the tickets included in the envelopes did not accurately support the ticket sale report. One envelope included tickets for the subsequent event's date, which was five days later. Another also included the stubs that the customer should have been given, if

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

these tickets had been used for the event and the customer stubs that were included in the envelope were for ticket sales that occurred prior to the event date. (Customer stubs included in envelope for February 2, 2012, but tickets sold on February 6, 2012)

4. Ticket sale reports were presented for audit for which a corresponding receipt and deposit were not located as follows:

Roosevelt College and Career Academy				
Event Date	Event	2010-2011	2011-2012	Total
10-29-10	Sock hop	\$ 130.00	\$ -	\$ 130.00
11-22-10	Girls basketball	195.00	-	195.00
11-23-10	Girls basketball	85.00	-	85.00
12-10-10	Scary movie night	123.80	-	123.80
09-21-11	Football	-	92.00	92.00
11-07-11	Basketball	-	120.00	120.00
Ticket sale collections not receipted or deposited		\$ 533.80	\$ 212.00	\$ 745.80

Lew Wallace STEM Academy		
Event Date	Event	2012-2013
09-11-12	Volleyball game	\$ 64.00
10-10-12	Volleyball game	49.00
Ticket sale collections not receipted or deposited		\$ 113.00

We requested Darrellyn Wilson, ECA Treasurer, reimburse Roosevelt College and Career Academy and Lew Wallace STEM Academy \$745.80 and \$113.00, respectively, for the ticket sale reports not receipted or deposited. (See Summary of Charges, page 11)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 BOND

The School Corporation held a Public Official Bond for Darrellyn Wilson, ECA Treasurer, for an indefinite term beginning September 3, 2010. The insurer was Hartford Fire Insurance Company and provided coverage of \$100,000 with the State of Indiana named as the surety.

AUDIT COSTS – MISSING FUNDS

The State of Indiana incurred additional audit fees in the investigation of the missing funds at Roosevelt College and Career Academy and Lew Wallace STEM Academy. We requested Darrellyn Wilson, ECA Treasurer, reimburse the State of Indiana \$4,265.75 of the additional audit fees incurred in the investigation of the collections not deposited and ticket sale reports (ticket sale collections not receipted or deposited). (See Summary of Charges, page, 11)

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines for Extra-Curricular Accounts, Chapter 7)

ROOSEVELT COLLEGE AND CAREER ACADEMY
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GARY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

FUNDRAISING FUNCTIONS

Summary Collection Forms (SA-8) were required to be used to support collections by class sponsors and teachers. For some collections, a "Fund Raising Application Form" was provided as support for fund-raising collections. A review of these forms indicated the sponsors were paying for the expenses of the fund-raising activities from the function proceeds; thus, remitting the "net profit" to the ECA Treasurer.

In one instance, a fundraiser was held on September 9, 2010, selling Krispy Kreme Donuts. The ECA Treasurer signed the "Fund Raising Application" that she received the money on September 22, 2010, but the Krispy Kreme ECA receipt was dated October 8, 2010, well after the time the event was held.

Summary Collection Form (SA-8) is prenumbered and to be prepared in duplicate by the sponsor. The original is to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor.

A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices, mostly in the 2010-2011 school year. For example, a payment was made for meals at the Bistro with an adding machine tape as supporting documentation. In another instance, a teacher was reimbursed from the faculty fund for a retirement gift. The purchase order for payment did not have an attached store receipt nor was there any indication what was purchased. Furthermore, a payment was made to the Gary Frontiers in September 2011 for a festival without a detailed invoice attached or an indication of the type of festival, when it was, or who attended noted on the purchase order.

Due to the lack of supporting information, the validity and accountability for these monies disbursed could not be established.

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)

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2013, with Dr. Cheryl Pruitt, Superintendent of Schools; Rosie G. Washington, President of the School Board; Dr. Nikita White, Treasurer; LaTanza Boarden, Principal of Lew Wallace STEM Academy; Robin Pratt, Supervisor of Secretaries; and Dr. Albert J. Holmes, Executive Director of Federal Programs.

The contents of this report were discussed on January 24, 2013, with Darrellyn Wilson, former Extra-Curricular Treasurer of Roosevelt College and Career Academy and Extra-Curricular Treasurer of Lew Wallace STEM Academy, and James Balanoff, Union Representative. The Official Response has been made a part of this report and may be found on page 10.

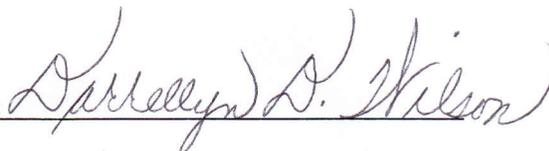
OFFICIAL RESPONSE

Statement of Darrellyn D. Wilson

I do not know how any of the discrepancies in the Roosevelt Career and Technical Academy accounts came about. I was hospitalized four times during 2012 for several days. When I returned each time the records appeared to me to be correct. In any event, I have never taken or otherwise intentionally misapplied any funds.

On one occasion in 2012, I was instructed by Ms. Hammond, apparently at the behest of Dr. Hoard, to refund to seniors "senior dues" because they had not made grades adequate to permit them to graduate and they therefore had to go to C.A.O. classes. The amount of money for each such student was \$125.00. I thought I had properly recorded each of the refunds, but I am not sure.

Dated: 1-28-13

Signed: 

Darrellyn D. Wilson

RECEIVED

JAN 31 2013

BOARD OF ACCOUNTS

ROOSEVELT COLLEGE AND CAREER ACADEMY
AND LEW WALLACE STEM ACADEMY
GARY COMMUNITY SCHOOL CORPORATION
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Darrellyn Wilson, Extra-Curricular Treasurer:			
Collections Not Deposited, pages 4 and 5			
Roosevelt College and Career Academy	\$ 5,018.17	\$ -	\$ 5,018.17
Lew Wallace STEM Academy	68.00	-	68.00
Ticket Sale Reports, pages 5 through 7			
Roosevelt College and Career Academy	745.80	-	745.80
Lew Wallace STEM Academy	113.00	-	113.00
Audit Costs - Missing Funds, page 7	<u>4,265.75</u>	<u>-</u>	<u>4,265.75</u>
 Totals	 <u>\$ 10,210.72</u>	 <u>\$ -</u>	 <u>\$ 10,210.72</u>

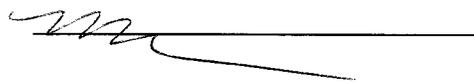
This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

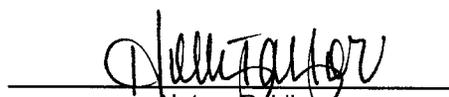
STATE OF INDIANA)
)
Porter COUNTY)

We, Michelle M. Janosky and Christina Griffin, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Roosevelt College and Career Academy, Gary Community School Corporation, Lake County, Indiana, for the period from July 1, 2010 to June 30, 2012, and Lew Wallace STEM Academy, Gary Community School Corporation, Lake County, Indiana for the period from July 1, 2012 to December 17, 2012, is true and correct to the best of our knowledge and belief.



Christina Griffin
Field Examiners

Subscribed and sworn to before me this 22nd day of April, 2013.



Notary Public

My Commission Expires: Jan 4, 2021
County of Residence: Porter



Holly L Taylor
Notary Public
State of Indiana
My Commission Expires Jan 4, 2021