

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

SPECIAL INVESTIGATION REPORT
OF

VALPARAISO HIGH SCHOOL CAFETERIA
VALPARAISO COMMUNITY SCHOOLS
PORTER COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
06/09/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Chief Financial Officer	Lynn A. Kwilas Sharon K. Qualkenbush	07-01-11 to 08-20-12 08-21-12 to 06-30-14
Superintendent of Schools	Dr. Andrew T. Melin Dr. James P. McCall (Interim) (Vacant) Michael J. Berta, Jr.	07-01-10 to 06-30-12 07-01-12 to 08-01-12 08-02-12 to 08-06-12 08-07-12 to 06-30-14
President of the School Board	A. James Sarkisian Mark T. Maassel	07-01-11 to 06-30-12 07-01-12 to 06-30-14
Office Manager of Food Service	Julie A. Schroeder	07-01-11 to 02-13-14
Director of Food Service	Cynthia M. Licciardone	07-01-11 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF VALPARAISO COMMUNITY SCHOOLS

We have audited the records of the Valparaiso High School Cafeteria for the period from January 1, 2012 to December 31, 2013, 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

February 13, 2014

VALPARAISO HIGH SCHOOL CAFETERIA
VALPARAISO COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

Overview of Procedures for Depositing Cash Receipts from Cafeteria Sales

Each individual school within the Valparaiso Community Schools' system collected cash and checks for lunches and snacks purchased. Students and/or parents could have also prepaid at each cafeteria and made online payments to the students' account. Each cafeteria deposited their daily receipts into the Valparaiso Community Schools' Food Service bank account. The duplicate deposit ticket and a copy of the deposit advice from the bank were sent to the Office Manager of Food Service at the High School. The Office Manager of Food Service recorded all deposits and reconciled the bank balance with the records up until July 2013. Beginning in July 2013, the Office Manager of Food Service was responsible for preparing a Daily Receipt Transmittal Form which included all food service receipts detailed by each cafeteria, the form of payment (cash, check, or charge), and type of meal (breakfast, lunch, adult, and ala carte). This form was sent to the School Corporation Business Office accompanied by copies of the duplicate deposit tickets and bank deposit advices from all cafeterias. The School Corporation Deputy Treasurer recorded the Food Service receipts and the School Corporation Treasurer prepared the monthly depository reconcilements of the Food Service account.

Valparaiso High School Cafeteria Deposits

The Valparaiso High School cafeteria receipts were counted and compared to cashier summaries by the Accounts Payable Clerk in the Food Service Office. Checks received were remotely deposited to the bank, except on rare occasions, when the check deposit machine was not working properly. The daily deposits taken to the bank consisted of only cash collections. Prior to July 2013, the duplicate deposit ticket and bank deposit advice were given to Julie A. Schroeder, former Office Manager of Food Service, to record in the financial records. After July 2013, a report was prepared by the Office Manager of Food Service and forwarded to the School Corporation Office. If the Accounts Payable Clerk was absent or otherwise occupied preparing the bi-weekly payroll time sheets, the Office Manager of Food Service counted the receipts, prepared the deposit, and took the deposit to the bank in addition to recording or reporting the receipts. On several of these occasions, the cash receipts were not deposited, recorded, or reported. Amounts of cafeteria cash receipts/collections not deposited were as follows:

<u>Bond Coverage Periods</u>	<u>Amount</u>
09-01-11 to 09-01-12	\$ 15,610.51
09-01-12 to 09-01-13	18,359.69
09-01-13 to 09-01-14	<u>3,779.95</u>
Total	<u>\$ 37,750.15</u>

VALPARAISO HIGH SCHOOL CAFETERIA
VALPARAISO COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

We requested that Julie A. Schroeder, former Office Manager of Food Service, make restitution to Valparaiso Community Schools \$37,750.15 for cash receipts not deposited. Julie A. Schroeder, former Office Manager of Food Service, reimbursed Valparaiso Community Schools \$37,750.15 on March 7, 2014, Receipt Nos. 028595 and 028596. (See Summary of Charges, page 8)

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

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)

ADDITIONAL AUDIT COSTS - MISSING FUNDS

The State of Indiana incurred additional audit fees in the investigation of missing funds at the Valparaiso High School Cafeteria. We requested that Julie A. Schroeder, former Office Manager of Food Service, reimburse the State of Indiana \$19,332 for additional audit fees incurred in the investigation of the receipts not deposited. (See Summary of Charges, page 8)

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)

EMPLOYEE POSITION BONDS

Valparaiso Community Schools has Public Employees Position Schedule Bonds which cover their extra-curricular treasurers, including Food Service. The individual bonds are for the periods of September 1, 2011 to September 1, 2012, September 1, 2012 to September 1, 2013, and September 1, 2013 to September 1, 2014. All are with the Ohio Casualty Insurance Company and provide \$30,000 of coverage for each bond period.

VALPARAISO HIGH SCHOOL CAFETERIA
VALPARAISO COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2014, with Michael J. Berta, Jr., Superintendent of Schools; Sharon K. Qualkenbush, Treasurer/Chief Financial Officer; James Jorgensen, Vice President of the School Board; David Hollenbeck, School Corporation Attorney; and Cynthia M. Licciardone, Director of Food Service.

The contents of this report also were discussed on February 13, 2014, with Julie A. Schroeder, former Office Manager of Food Service, and Fred Grady, Attorney for Julie A. Schroeder. The Official Response has been made a part of this report and may be found on page 7.

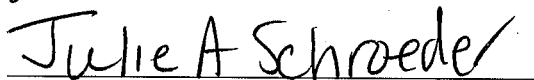
OFFICIAL RESPONSE

I, Julie A. Schroeder, hereby verify that I participated in and had an opportunity to review and discuss the contents of the attached Audit Results and Comments Report with the parties present at a meeting held at the Valparaiso Community Schools Administration Center in Valparaiso, Indiana, on February 13, 2014, and hereby confirm that the contents thereof are true and accurate to the best of my knowledge and belief, and that I attended the conference for the purpose of providing any requested information concerning my conduct in failing to deposit, record, or report cash lunch money receipts on various occasions between on or about April 2011, through on or about October 2013, in my capacity as Office Manager at the Food Service Office, and failing to include the misappropriated funds in the Sales and Meals Report, pursuant to the filing of a false Cash Deposit Report maintained in the office. No other employees of the Food Service Office, were aware of or participated in any way in my actions as reported to the parties present at the Audit Report review meeting. I further advised the meeting participants of my intent to reimburse the Valparaiso School System for the full amount of the funds that I misappropriated, on or before March 13, 2014, by my submission of a Cashier's Check payable to the Valparaiso Community Schools in the amount of \$37,750.15. It is my further intent to reimburse the State Board of Accounts for all costs associated with any additional audit fees incurred in the investigation pertaining to the misappropriated funds, as may be hereafter arranged with the Board. I also wish to sincerely apologize to the Food Service Director and other employees with whom I worked with at the Food Service Office for my conduct in this matter.

I will continue to be available to answer any questions or can provide any supplemental information as may be desired by and on behalf of the Valparaiso Community School Board or their representatives, as well as to the representatives of the State Board of Accounts involved in the investigation of this matter.

Submitted this 27th day of February 2014


JULIE A. SCHROEDER


Printed Name:

VALPARAISO HIGH SCHOOL CAFETERIA
VALPARAISO COMMUNITY SCHOOLS
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Julie A. Schroeder, former Office Manager of Food Service:			
Receipts Not Deposited, pages 4 and 5	\$ 37,750.15	\$	\$ -
Reimbursed by Julie A. Schroeder,			
Receipt Nos. 028595 and 028596, March 7, 2014	-	37,750.15	-
Additional Audit Costs - Missing Funds, page 5	<u>19,332.00</u>	<u>-</u>	<u>19,332.00</u>
Totals	<u>\$ 57,082.15</u>	<u>\$37,750.15</u>	<u>\$ 19,332.00</u>

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

AFFIDAVIT

STATE OF INDIANA)
Porter)
COUNTY)

We, Susan M. Lardino, Aaron C. Prybylla, and Sara J. Hancock, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Valparaiso High School Cafeteria, Valparaiso Community Schools, for the period from January 1, 2012 to December 31, 2013, is true and correct to the best of our knowledge and belief.

Susan M Lardino
A C Prybylla
Sara J Hancock
Field Examiners

Subscribed and sworn to before me this 5th day of June, 2014

Judy A. Hulse
Notary Public

My Commission Expires: June 26 2021
County of Residence: Jasper