

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

SPECIAL INVESTIGATION REPORT  
OF

NORTHSIDE MIDDLE SCHOOL  
EXTRA-CURRICULAR ACCOUNT  
BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
BARTHOLOMEW COUNTY, INDIANA

July 1, 2009 to January 6, 2015



**FILED**  
08/13/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Account Treasurer	Michelle Rooks	07-01-09 to 01-06-15
	(Vacant)	01-07-15 to 01-14-15
	Jill Baker	01-15-15 to 06-30-15
Superintendent of Schools	Dr. John B. Quick	07-01-12 to 06-30-15
President of the School Board	Dr. Jill Shedd	07-01-09 to 06-30-10
	Ginger Stawicki	07-01-10 to 06-30-11
	John Anderson	07-01-11 to 12-31-12
	Richard Stenner	01-01-13 to 12-31-13
	Jeff Caldwell	01-01-14 to 12-31-14
Robert Abrams	01-01-15 to 12-31-15	



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE BARTHOLMEW CONSOLIDATED SCHOOL CORPORATION

We have conducted a special investigation of the records of the Northside Middle School Extra-Curricular Account for the period from July 1, 2009 to January 6, 2015. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges as listed in the Table of Contents. This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

Any Official Response included herein this report has not been examined or verified for its accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

June 15, 2015

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 SPECIAL INVESTIGATION RESULTS AND COMMENTS

**COLLECTIONS NOT DEPOSITED**

Michelle Rooks, former Extra-Curricular Account (ECA) Treasurer, was responsible for receiving money in the main school office, counting the money, reconciling the totals with the amounts on the Extra Curricular Deposit Envelopes, recording the deposits into the proper funds, depositing the money into the ECA checking account, and running month-end reports to perform monthly reconcilements.

Michelle Rooks, former ECA Treasurer, used an Extra Curricular Deposit Envelope (Deposit Envelope) to account for cash and checks collected from the various extra-curricular events and activities. Each School official or employee who collected money at an extra-curricular function was to fill out a Deposit Envelope and to remit the Deposit Envelope with the collections to the ECA Treasurer. The Deposit Envelope was to be prepared showing the fund name which the collections were to be posted to; the date of the collections; the person remitting the collections; the reason or purpose of the collections; and composition of the collection with a breakdown of the cash by denominations and checks. When the ECA Treasurer received the Deposit Envelopes, the cash and checks were to be recounted and reconciled to the amounts reported on the Deposit Envelopes. The ECA Treasurer then prepared a deposit ticket and made a deposit of the collections to the School ECA bank account and posted the collections to the proper funds. The Deposit Envelopes which were associated with the deposits were attached to the deposit tickets.

The following schedule is a comparison by school year of the ECA collections reported on the Deposit Envelopes to the deposits made to the ECA bank account:

<u>School Year</u>	<u>Collections Per Deposit Envelopes</u>	<u>Collections Deposited</u>	<u>Collections Not Deposited</u>	<u>Note</u>
2009-2010	\$ 193,094.02	\$ 186,132.71	\$ 6,961.31	(2)
2010-2011	199,831.80	191,954.20	7,877.60	(2)
2011-2012	209,966.06	191,574.78	18,391.28	(2)
2012-2013	213,267.72	198,477.24	14,790.48	(3)
2013-2014	190,577.79	156,009.77	34,568.02	(3)
2014-2015	<u>131,604.46</u>	<u>103,773.61</u>	<u>27,830.85</u>	(1), (3)
Totals	<u>\$1,138,341.85</u>	<u>\$ 1,027,922.31</u>	<u>\$ 110,419.54</u>	

Notes to Schedule:

- (1) The amounts for the school year 2014-2015 were only for the period July 1, 2014 to January 6, 2015.
- (2) For the school years 2009-2010, 2010-2011, and 2011-2012, the Deposit Envelopes were attached to the associated day's deposit ticket; therefore, each deposit could be rechecked for accuracy.

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

- (3) For the school years 2012-2013, 2013-2014, and 2014-2015, the Deposit Envelopes were not attached to any specific deposit. The Deposit Envelopes were in a monthly folder in no particular order; therefore, all the Deposit Envelopes for each month had to be totaled together.

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)

According to information provided by the Columbus Police Department, Michelle Rooks, former ECA Treasurer, admitted to the thefts of the ECA collections not deposited.

Michelle Rooks, former ECA Treasurer, was requested to reimburse Northside Middle School Extra-Curricular Account \$110,419.54 for collections not deposited. (See Summary of Charges, page 11)

***CHECK CASHED BY MICHELLE ROOKS WITHOUT SUPPORTING DOCUMENTATION***

Check 4178, dated July 31, 2014, was made payable to First Financial Bank for \$1,200. The backside of the check showed that Michelle Rooks, former ECA Treasurer, was the check endorser. No ECA Claim for Payment was presented to indicate what the purpose of the payment was for; therefore, the validity of payment for Extra-Curricular Accounts' purposes could not be established.

On the check stub for check 4178, it stated there was an invoice dated May 27, 2014, for a bowling field trip. On February 10, 2015, Amy Dixon, Northside Middle School Principal, stated that there was no bowling field trip on or about May 27, 2014, or July 31, 2014 (check date). Ms. Dixon also stated that she had contacted School Corporation Transportation officials and they confirmed that they did not provide any transportation for a bowling field trip on or about May 27, 2014, or July 31, 2014.

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)

Michelle Rooks, former ECA Treasurer, was requested to reimburse Northside Middle School Extra-Curricular Account \$1,200 for the check cashed without supporting documentation. (See Summary of Charges, page 11)

***PAYMENTS TO MICHELLE ROOKS WITHOUT SUPPORTING DOCUMENTATION***

A Claim for Payment with proper supporting documentation; such as, receipts, invoices, or other documentation, was not presented for four payments made to Michelle Rooks, former ECA Treasurer. The following is a schedule of the payments made that did not have supporting documentation:

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 SPECIAL INVESTIGATION RESULTS AND COMMENTS  
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<u>Date of Check</u>	<u>Check Number</u>	<u>Check Amount</u>
08-22-11	2722	\$ 13.58
08-05-13	3729	289.15
08-30-13	3789	163.38
07-16-14	4174	<u>398.24</u>
Total		<u>\$ 864.35</u>

Due to the lack of supporting documentation, the validity of these payments for Extra-Curricular Account purposes 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)

Michelle Rooks, former ECA Treasurer, was requested to reimburse Northside Middle School Extra-Curricular Account \$864.35 for payments made without supporting documentation. (See Summary of Charges, page 11)

***CASH CHANGE FUNDS NOT DEPOSITED BACK TO THE ECA BANK ACCOUNT***

During the course of each school year, it was necessary for Northside Middle School (School) to establish cash change funds for various events. It had been the practice of the School for the Athletic Director or the sponsor of an organization to request a change fund from Michelle Rooks, former ECA Treasurer. After getting a Claim for Payment approved, Michelle Rooks, former ECA Treasurer, would prepare an ECA check payable to First Financial Bank. Michelle Rooks, former ECA Treasurer, would cash the check to get the change funds available for the event. After the event was finished, the change fund would be returned to Michelle Rooks, former ECA Treasurer, for redeposit of the cash in the ECA bank account. The following schedule details cash change funds for which no evidence was presented that the change funds were deposited back to the ECA bank account or the amount deposited was less than the amount established:

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 SPECIAL INVESTIGATION RESULTS AND COMMENTS  
 (Continued)

Date of Establishment	Purpose	Amount	Redeposit		Funds Not Redeposited
			Date	Amount	
08-17-11	(1)	\$ 1,200			
10-15-11	Additional funds for athletic concessions	<u>350</u>			
Total		<u>1,550</u>	06-13-12	\$ 1,500	\$ 50
11-01-11	Drama play tickets and concessions	350	05-01-12	250	100
08-15-12	Athletic tickets and concessions	1,150	04-05-13	700	450
09-28-12	Drama play tickets and concessions	270		-	270
10-02-13	Drama play tickets and concessions	310		-	310
05-14-14	Money buses - Washington DC trip	<u>250</u>		-	<u>250</u>
Totals		<u>\$ 3,880</u>		<u>\$ 2,450</u>	<u>\$ 1,430</u>

(1) Claims for Payment which were paid in August 2011 were not presented. Based on past practices, at the start of each school year Michelle Rooks, former ECA Treasurer, would prepare a check to First Financial Bank to establish cash change funds for athletic events. The \$1,200 would be for three cash change boxes of \$400 each.

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)

Michelle Rooks, former ECA Treasurer, was requested to reimburse Northside Middle School Extra-Curricular Account \$1,430 for cash change funds not deposited back to the ECA bank account. (See Summary of Charges, page 11)

**ADDITIONAL INVESTIGATION COSTS**

The State of Indiana incurred costs totaling \$20,440.35 in the investigation of ECA collections not deposited; check cashed without supporting documentation; cash change funds not deposited back to the ECA bank account; and payments without supporting documentation by Michelle Rooks, former ECA Treasurer.

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)

Michelle Rooks, former ECA Treasurer, was requested to reimburse \$20,440.35 to the State of Indiana for additional investigation costs. (See Summary of Charges, page 11)

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROL DEFICIENCIES**

We noted several deficiencies in the internal control system of Northside Middle School. These deficiencies included, but were not limited to, lack of segregation of duties relating to accounting for Extra-Curricular funds. These deficiencies were communicated to the School officials.

Additionally, we noted the following required statutory requirements which were not in place:

1. The ECA Treasurer did not file a Financial Report of School Extra-Curricular Accounts (SA 5-1) with the Board of School Trustees as required by Indiana Code 20-41-1-3 for school years 2012-2013 and 2013-2014.

Indiana Code 20-41-1-3(a) states in part:

"A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall:

- (1) keep an accurate account of all money received and expended, showing the:

- (A) sources of all receipts;

- (B) purposes for which the money was expended; and

- (C) balance on hand; and (2) file a copy of the account with the . . . board of school trustees . . . within two (2) weeks after the close of each school year."

The Financial Report of School Extra-Curricular Accounts (SA 5-1) should begin with the close of the last report and cover the school year. The report should be made in triplicate. One copy shall be filed in the school business office, a copy shall be filed with the school board and the third copy shall be filed with the superintendent of schools. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

2. Depository reconciliations of the fund balances to the bank account balances were not performed for the period October 2012 to December 2014.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

3. School staff used Deposit Envelopes as described in the Special Investigation Result and Comment titled "Collections Not Deposited" to remit monies collected to the ECA Treasurer. The ECA Treasurer did not issue receipts to the staff members when receiving the Deposit Envelopes.

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)

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 SPECIAL INVESTIGATION RESULTS AND COMMENTS  
 (Continued)

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.

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)

***INSURANCE COVERAGE***

The School Corporation obtained the following public employee dishonesty crime insurance policies to cover employees of the School Corporation:

<u>Insurance Company</u>	<u>Policy Period</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Charge Amount</u>
Indiana Insurance	07-01-09 to 07-01-10	CBP 9447011	\$ 50,000	\$ 6,961.31
Indiana Insurance	07-01-10 to 07-01-11	CBP 8791704	50,000	7,877.60
Indiana Insurance	07-01-11 to 07-01-12	CBP 8791704	50,000	18,554.86
Indiana Insurance	07-01-12 to 07-01-13	CBP 8791704	50,000	15,510.48
Indiana Insurance	07-01-13 to 07-01-14	CBP 8791704	50,000	35,580.55
Indiana Insurance	07-01-14 to 07-01-15	CBP 8791704	50,000	29,429.09

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2015, with Dr. John B. Quick, Superintendent of Schools; Vaughn Sylva, Assistant Superintendent of Financial Services; Robert Abrams, President of the School Board; Pamela K. Boles, Director of Accounting; and Brett Findley, Assistant Principal.

A certified letter was sent to Michelle Rooks, former Extra-Curricular Account Treasurer, notifying her of an exit conference scheduled for June 10, 2015. A certified receipt confirmed delivery of the notification on June 11, 2015. Additionally, on June 9, 2015, Ms. Rooks' Attorney was notified that we had scheduled an exit conference for June 10, 2015. Ms. Rooks failed to attend the scheduled exit conference and failed to schedule an alternate conference date.

NORTHSIDE MIDDLE SCHOOL EXTRA-CURRICULAR ACCOUNT  
 BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Michelle Rooks, former Extra-Curricular Account Treasurer:			
Collections Not Deposited, pages 4 and 5	\$ 110,419.54	\$ -	\$ 110,419.54
Check Cashed by Michelle Rooks Without Supporting Documentation, page 5	1,200.00	-	1,200.00
Payments to Michelle Rooks Without Supporting Documentation, pages 5 and 6	864.35	-	864.35
Cash Change Funds Not Deposited Back to the ECA Bank Account, pages 6 and 7	1,430.00	-	1,430.00
Additional Investigation Costs, page 7	<u>20,440.35</u>	<u>-</u>	<u>20,440.35</u>
Totals	<u>\$ 134,354.24</u>	<u>\$ -</u>	<u>\$ 134,354.24</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            )  
  )  
Ripley COUNTY)

We, Richard N. Ahlrich and Tammy L. Baker, Special Investigators, being duly sworn on our oaths, state that the foregoing report based on the official records of the Northside Middle School Extra-Curricular Account, Bartholomew Consolidated School Corporation, Bartholomew County, Indiana, for the period from July 1, 2009 to January 6, 2015, is true and correct to the best of our knowledge and belief.

Richard N Ahlrich

Tammy L Baker  
Special Investigators

Subscribed and sworn to before me this 11 day of August, 2015

Andrea J Wade  
Notary Public

My Commission Expires: September 17, 2021  
County of Residence: Franklin



ANDREA J. WADE, NOTARY PUBLIC  
County of Franklin, State of Indiana  
My Commission Expires September 17, 2021