

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

SPECIAL INVESTIGATION REPORT
OF

LAKE CENTRAL HIGH SCHOOL
LAKE CENTRAL SCHOOL CORPORATION
LAKE COUNTY, INDIANA

January 1, 2011 to May 31, 2015



FILED
02/09/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Special Investigation Results and Comments:	
Personal Credit Purchases	4
Travel Reimbursements	4-5
Crime Insurance Policy.....	5
Other Questionable Purchases	5-6
Audit Costs	6
Exit Conference.....	7
Official Response	8-11
Summary of Charges	12
Affidavit	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lorri Miskus	07-01-10 to 02-20-13
	Cathie Romba	02-21-13 to 06-30-16
Superintendent of Schools	Dr. Lawrence Veracco	07-01-10 to 06-30-16
President of School Board	George Baranowski	01-01-11 to 12-31-11
	Howard Marshall, Jr.	01-01-12 to 12-31-12
	George Baranowski	01-01-13 to 12-31-14
	Don Bacso	01-01-15 to 12-31-15
High School Extra-Curricular Treasurer	Michelle Stamper	07-01-10 to 06-30-16
High School Principal	Robert McDermott	07-01-10 to 06-30-12
	Robin Tobias	07-01-12 to 05-23-15
	(Vacant)	05-24-15 to 06-23-15
	Sean Begley	06-24-15 to 06-30-16
High School Athletic Director	Robin Tobias	07-01-10 to 06-30-12
	(Vacant)	07-01-12 to 07-16-12
	Tony Bartolomeo	07-17-12 to 06-30-15
	(Vacant)	07-01-15 to 08-09-15
	Chris Enyeart	08-10-15 to 06-30-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF LAKE CENTRAL SCHOOL CORPORATION

We have conducted a special investigation of the records of Lake Central School Corporation and the Lake Central High School for the period from January 1, 2011 to May 31, 2015. Our investigation was limited to the following records; office supply charges through the School Corporation, and charges on extra-curricular claims and mileage reimbursements through the High School. 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 has been forward to the Indiana Attorney General and the Lake County Prosecutor's Office.

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

August 19, 2015

LAKE CENTRAL HIGH SCHOOL
LAKE CENTRAL SCHOOL CORPORATION
SPECIAL INVESTIGATION RESULTS AND COMMENTS

PERSONAL CREDIT PURCHASES

The School Corporation has established a line of credit with various stores that include Menards, Ace Hardware, Lowe's, and Office Depot. This allows an individual whose name is authorized to use the credit line to charge for purchases. Robin Tobias, former High School Athletic Director and Principal, was an authorized signer for these accounts. While he was the High School Athletic Director from July 2010 to June 2012 and High School Principal from July 2012 to May 2015 he used the line of credit to purchase various items for personal use. The items purchased included clothing, shoes, wallets, gloves, tools, knives, fire wood, candles, grill supplies, rugs, an All-Terrain Vehicle (ATV), and other household items. After consultation with school administrators, who identified items that were non-school related, the following amount of purchases were determined to be personal expenses:

2011-2012	2012-2013	2013-2014	2014-2015	Total
\$ 5,879.94	\$ 293.68	\$ 996.13	\$ 1,000.54	\$ 8,170.29

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (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)

Robin Tobias, former High School Athletic Director and Principal, was requested to reimburse Lake Central School Corporation in the amount of \$8,170.29 for unauthorized personal credit purchases. (See Summary of Charges, page 12)

TRAVEL REIMBURSEMENTS

Robin Tobias held the position of Athletic Director from July 2010 to June 2012. In his capacity as the Athletic Director, he would drive his own vehicle to various sporting events and meetings. He was allowed to receive reimbursement from the Athletic fund for the actual mileage driven to attend these events. The rate per mile ranged from \$.50 to \$.55.

At the end of the season, a mileage claim form was submitted to the High School Extra-Curricular Treasurer for reimbursement. The mileage claim included the date, event, destination, mileage traveled, and amount claimed for reimbursement. However, in addition to submitting the mileage claim form, Robin Tobias, former High School Athletic Director and Principal, also submitted gas receipts for reimbursement. Some of these gas receipts specified the exact same event and date as the mileage claim form submitted for reimbursement. Many of the gas receipts were dated the same date as listed on the mileage claim form. As a result of reimbursing for the mileage and gas receipts Robin Tobias, former High School Athletic Director and Principal, was reimbursed twice for the same travel expense. Two receipts included merchandise purchases totaling \$10.03 that was reimbursed, but it was not indicate what was purchased.

LAKE CENTRAL HIGH SCHOOL
LAKE CENTRAL SCHOOL CORPORATION
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Following is the total of the gas receipts and purchases by fiscal year:

<u>2010-2011</u>	<u>2011-2012</u>	<u>Total</u>
<u>\$ 216.52</u>	<u>\$ 1,879.08</u>	<u>\$ 2,095.60</u>

Administrators, teachers and other employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the school corporation at a reasonable rate per mile as fixed by a resolution of the school board. Reimbursement mileage shall not include travel to and from the employee's home and place of employment. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable. The odometer reading columns on the form are to be used only when distance between points cannot be determined by fixed mileage or official state highway map. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

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)

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)

Robin Tobias, former High School Athletic Director and Principal, was requested to reimburse Lake Central School Corporation in the amount of \$2,095.60 for duplicate reimbursement of travel expenses. (See Summary of Charges, page 12)

CRIME INSURANCE POLICY

The School Corporation has Crime Insurance which covers employee dishonesty. The policy for the period from July 1, 2010 to June 30, 2015, is with Ohio Casualty Insurance Company and provides \$25,000 of coverage per loss for employees of the School Corporation.

OTHER QUESTIONABLE PURCHASES

After consultation with school officials, there were other items purchased by Robin Tobias, former High School Athletic Director and Principal, that came under scrutiny by the School Administration. These items included machetes, key rings, gloves, clips, flashlights, hooks, tie downs, bags of candy, tools, sleeping bag straps, protective headphones, knives, backpacks, fabric drawers, cabinets, and shelves. Although these items could not be found when an initial search of the High School was conducted by the School Administration, some of these items ultimately were returned to the High School after the School Administration questioned Robin Tobias, former High School Athletic Director and Principal, about these purchases.

LAKE CENTRAL HIGH SCHOOL
LAKE CENTRAL SCHOOL CORPORATION
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

According to school officials, many of the items purchased by Robin Tobias, former High School Athletic Director and Principal, would normally be the responsibility of other school personnel.

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)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AUDIT COSTS

The State of Indiana incurred additional costs of \$9,969.89 related to the investigation of purchases of personal items and duplicate travel reimbursements.

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 Cities and Towns, Chapter 7)

We are requesting reimbursement from Robin Tobias, former Athletic Director and High School Principal, for \$9,969.89 related to cost of the investigation of purchases of personal items and duplicate travel reimbursement. (See Summary of Charges, page 12)

LAKE CENTRAL HIGH SCHOOL
LAKE CENTRAL SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2015, with Cathie Romba, Treasurer; Dr. Lawrence Veracco, Superintendent of Schools; Al Gandolfi, Assistant Superintendent of Schools; Rob James, Director of Business Services; Don Bacso, President of the School Board; and Detective Brian McCall, Indiana State Police.

The contents of this report were sent on August 20, 2015, by certified mail to Robin Tobias, former Athletic Director and High School Principal.

"OFFICIAL RESPONSE"

August 23, 2015

Mary Jo Small
Indiana State Board of Accounts
155 Indiana Avenue
Valparaiso, IN 46383

Ms. Small,

I served as athletic director for Lake Central High School from July 1, 2010, through June 30, 2012. At that time, I inherited a checking athletic fund account and a savings athletic fund account that totaled approximately \$30,000. At the time of employment in this position, I was provided no instructions, no operational manuals, and no administrative regulations. When I asked the superintendent for guidance, I was told that his office could not help and that I should do whatever I needed to do to make things better. Since I performed numerous manual labor activities in preparing facilities, moving equipment, painting, and staging events, I was informed by the previous athletic director and superintendent that my athletic budget allowed for expenses of work clothing and work boots/work shoes. The previous athletic director also used his athletic funds to purchase and pay the monthly bill of a personal cell phone. I did not do this during my time as athletic director or as principal.

I performed an internal audit of the little records that were maintained by the previous athletic director in order to learn how previous expenditures and receipts were processed. I discovered that the previous athletic director had paid for the same receipts and items more than once. I immediately reported this to the superintendent's office. Without receiving further guidance, I devised a ledger and bookkeeping system that itemized expenses and receipts, which corrected overpaying errors to vendors. After two years as athletic director, I grew the athletic checking and savings accounts to over \$300,000.

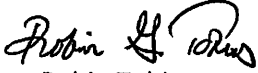
Prior to the fall of 2012, I participated in an exit conference with a Lake Central district office administrator and State Board of Accounts representatives to review expenditures and receipts. None of the noted concerns addressed in your recent audit summary were ever covered in the previous audit. Why weren't these purchases and expenditures addressed at that time? It seems to me that the State Board of Accounts is allowing the fox to watch the chicken house. Every expenditure had previously been approved.

I have enclosed a response to each item listed. Unfortunately, I was unable to respond in person since I was not notified in time to be at the meeting and confront my accusers. I believe that this was designed by the school. I have been maligned to hide the poor management of my former superiors. You must know I had no ability to purchase anything without the administration's approval. All receipts were turned into them and they had the ability to question the validity of any expenditure. All expenditures were approved until I began to question the actions of the administration.

In regards to the charges for the audit, I was not a participant and did not request the audit; therefore, do not have privity of contract. I will conclude by advising you that I am tired of being maligned and being the victim of conjecture and innuendo. I have some questions for you. How do you know that permission was not given to purchase each and every item? How do you know that the administration is telling the truth? I say that they are liars, and if you buy into their lies you are certainly allowing, in my

opinion, idiots to direct your investigation. I would like to say if you slander or damage my name or reputation I will seek every legal remedy available against you, the school administration, and the school board. I owe nothing and believe that I am owed an apology by the State Board of Accounts and the school administration.

Sincerely,


Robin Tobias

CC:

Mr. Paul D. Joyce, CPA
State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204

Enclosure

clothing- work attire for work on facilities and fields, including fluorescent safety vests and rain gear for event workers

shoes- pairs of work boots and work shoes were kept at the school and worn when tending to the outside fields, painting with field paint, painting spectator seating, grooming fields, and other outdoor prep

wallets- were used as grab bag items for staff and were used to hold VIP passes and DAC cards

gloves- adult size gloves were purchased for custodial, maintenance, grounds keepers, and admin staff for the purpose of work. Some children size gloves were also purchased for the use by students and children of staff who are on site helping with staging and clean-up

tools- various tools were purchased for use at the school. These ranged from power tools and basic hand tools and most at the request of custodial and grounds keeper staff

knives- utility knives and folding knives are used by custodial, maintenance, and admin staff

firewood- the school often hosted tailgate events and overnight charity events that sponsored bonfires

candles- scented candles were used in the office area to help cover the smell of mildew and other facility odors

grill supplies- besides hosting tailgate and overnight functions, hospitality to staff was common

rugs- doorway mats/rugs were used in the location of the old referee locker room area to increase safety and to prevent slips and falls due to wet floors

other household items- various cleaners, disinfectant sprays, disinfectant wipes, and odor eliminators were used in the office and staff kitchen area

travel reimbursements- gas receipts were sometimes turned in when travel the surrounding community to make deliveries and to purchase supplies. Mileage forms were turned in for travel to specific destinations and events. In some instances, they chose to reimburse me for gas and in others they chose to reimburse me by mileage.

machetes- have been used in the former marsh area to cut pathways in order to retrieve tennis balls and soccer balls. The replacement expense for this athletic equipment was more expensive than replenishing a machete

key rings- for use of new keys for all staff

clips- some were magnetic and some were adhesive and used to post signs, notes, and banners

sleeping bag straps- planned to be used to secure items in preparation for moving office items and personnel. These were identified to be durable, reusable, easy to use and inexpensive

protective headphones- used by custodial and maintenance staff when working machinery

back packs- planned to be end of the semester end of the school year door prizes for staff and students

fabric drawers- intended for the West lake special education classes for storage of laundry and student supplies

cabinets & shelving- intended for use by the special education teachers in their laundry area

bags of candy- used for hospitality, student of the month awards, and teacher of the month awards/ district administrators promoted this purchased and indulged in these items when visiting the office

compact refrigerator- used in the former main office area for storage of hospitality beverages. It was transported to the temporary principal's office during construction

snacks- used for hospitality and for student meetings

flashlights- items for school safety when the power goes out during the school day and for use at after school evening functions by teacher staff, admin staff, and security staff

hooks- needed to secure the hanging of signs, banners, and directional signage

tie downs- needed for transporting tailored vehicles, used to secure fencing, and used to secure port-o-toilets to prevent tip over

LAKE CENTRAL HIGH SCHOOL
 LAKE CENTRAL SCHOOL CORPORATION
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Robin Tobias, former Athletic Director and High School Principal:			
Personal Credit Purchases, page 4	\$ 8,170.29	-	\$ 8,170.29
Travel Reimbursements, pages 4 and 5	<u>2,095.60</u>	<u>-</u>	<u>2,095.60</u>
Subtotal Before Audit Costs	<u>10,265.89</u>	<u>-</u>	<u>10,265.89</u>
Audit Costs, page 6	<u>9,969.89</u>	<u>-</u>	<u>9,969.89</u>
Totals	<u>\$ 20,235.78</u>	<u>\$ -</u>	<u>\$ 20,235.78</u>

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

AFFIDAVIT

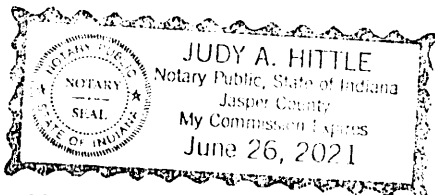
STATE OF INDIANA)
Porter COUNTY)

We, Karen Tetrault, Special Investigator, and Mary Jo Small, Special Investigator Coordinator, being duly sworn on our oaths, state that the foregoing report based on the official records as described in our letter to the officials of the Lake Central School Corporation, Lake County, Indiana, for the period from January 1, 2011 to May 31, 2015, is true and correct to the best of our knowledge and belief.

Karen Tetrault
Special Investigator

Mary Jo Small
Special Investigator Coordinator

Subscribed and sworn to before me this 9 day of February, 2016



Judy A. Hittle
Notary Public

My Commission Expires: 6-26-2021

County of Residence: Jasper