

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

SPECIAL INVESTIGATION REPORT
OF

NORTHRIDGE MIDDLE SCHOOL
MIDDLEBURY COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2014 to September 25, 2015



FILED
01/13/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Extra-Curricular Treasurer of Northridge Middle School	Christine Slater-Turner (Vacant) Kathy Robinson	07-01-14 to 09-25-15 09-26-15 to 10-11-15 10-12-15 to 06-30-16
Principal of Northridge Middle School	Dr. Robby Goodman	07-01-14 to 06-30-16
Corporation Treasurer	Mark Snyder	07-01-14 to 06-30-16
Superintendent of Schools	Jane Allen	07-01-14 to 06-30-16
President of the School Board	David Black	01-01-14 to 12-31-16



STATE OF INDIANA

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TO: THE OFFICIALS OF MIDDLEBURY COMMUNITY SCHOOLS

We have conducted a special investigation of the extra-curricular records of Northridge Middle School for the period from July 1, 2014 to September 25, 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

November 9, 2016

NORTHRIDGE MIDDLE SCHOOL
MIDDLEBURY COMMUNITY SCHOOLS
SPECIAL INVESTIGATION RESULTS AND COMMENTS

COLLECTIONS NOT DEPOSITED OR RECORDED

Each school within the School Corporation employed 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 making the deposit to 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.

For the period August 1, 2014 through September 25, 2015, collections for the ECA received by Christine Slater-Turner, (Slater-Turner) former ECA Treasurer, were not always deposited and recorded. We reviewed all the receipts issued and other supporting documentation available to determine the collections not deposited or recorded during the period. We noted 33 instances totaling \$15,300.78 where collections were not deposited or recorded to the ECA records.

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."

The extra-curricular treasurer is required to keep an accurate account of all money received and expended, showing the source of each receipt, the purpose of each disbursement and the overall balance on hand, which is the control account for all of the activity funds. A separate fund must be maintained in the ledger to record the transactions of each class, organization or activity so that the balance in each fund may be known at all times. (Accounting and Uniform compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

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)

We requested Slater-Turner to reimburse Northridge Middle School \$15,300.78, for collections not deposited or recorded. (See Summary of Charges, page 7)

NORTHRIDGE MIDDLE SCHOOL
MIDDLEBURY COMMUNITY SCHOOLS
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

ADDITIONAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of collections not deposited or recorded totaling \$3,981.25.

Audit costs incurred because of theft or 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 Manual for Extra-Curricular Accounts, Chapter 7)

We requested Slater-Turner to reimburse the State of Indiana \$3,981.25 for the additional investigation costs. (See Summary of Charges, page 7)

PUBLIC OFFICIAL BOND/CRIME INSURANCE POLICY

The School Corporation had Public Employees Position Schedule Bonds which covered the ECA Treasurers. The bonds provided \$5,000 of coverage each year for the ECA Treasurer at Northridge Middle School for the periods July 1, 2014 to July 1, 2015, and July 1, 2015 to July 1, 2016.

The School Corporation also has a crime insurance policy for \$250,000 for the periods April 10, 2014 to April 10, 2015, and April 10, 2015 to April 10, 2016.

INTERNAL CONTROL DEFICIENCIES

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

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NORTHRIDGE MIDDLE SCHOOL
MIDDLEBURY COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2016, with Jane Allen, Superintendent of Schools; Mark Snyder, Corporation Treasurer; and David Black, President of the School Board.

NORTHRIDGE MIDDLE SCHOOL
MIDDLEBURY COMMUNITY SCHOOLS
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Christine Slater-Turner, former Extra-Curricular Treasurer: Collections Not Deposited or Recorded, page 4	\$ 15,300.78	\$ -	\$ 15,300.78
Additional Investigation Costs, page 5	<u>3,981.25</u>	<u>-</u>	<u>3,981.25</u>
Totals	<u>\$ 19,282.03</u>	<u>\$ -</u>	<u>\$ 19,282.03</u>

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AFFIDAVIT

STATE OF INDIANA)
Grant COUNTY)

I, Stephen R. Poor, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records as described in our letter to the officials of Middlebury Community Schools, Elkhart County, Indiana, for the period from July 1, 2014 to September 25, 2015, is true and correct to the best of my knowledge and belief.

Stephen R. Poor

Field Examiner

Subscribed and sworn to before me this 20th day of December, 2016

April Leane

Notary Public

My Commission Expires: _____

County of Residence: _____

