

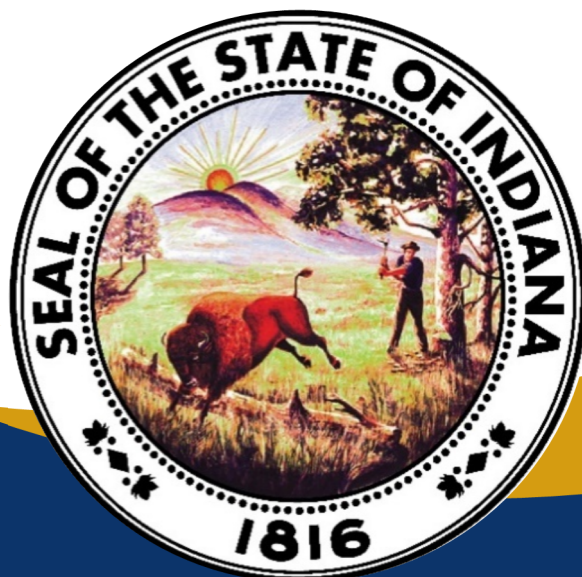
**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

SPECIAL COMPLIANCE REPORT
OF

TRI-WEST SENIOR HIGH SCHOOL
EXTRACURRICULAR ATHLETICS FUND
NORTHWEST HENDRICKS SCHOOL CORPORATION
HENDRICKS COUNTY, INDIANA

August 14, 2020 to November 29, 2022



FILED

03/24/2025

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TO: THE OFFICIALS OF THE NORTHWEST HENDRICKS SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

This is a special compliance report for the Northwest Hendricks School Corporation (School Corporation), for the period August 14, 2020 to November 29, 2022, and is in addition to any other report for the School Corporation as required under Indiana Code 5-11-1. All reports pertaining to the School Corporation may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with athletic event pay data and supporting documentation of the Tri-West Senior High School's extracurricular Athletics Fund. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 5, 2024

TRI-WEST SENIOR HIGH SCHOOL EXTRACURRICULAR ATHLETICS FUND
NORTHWEST HENDRICKS SCHOOL CORPORATION
RESULTS AND COMMENTS

BACKGROUND

Officials of the Northwest Hendricks School Corporation (School Corporation) identified an unusually high amount of payments made to individuals working athletic events. Further review revealed a higher amount of payments than expected were made to the Tri-West Senior High School's former Athletic Secretary. Payment data for athletic events, occurring between August 14, 2020 to September 29, 2022, was provided by the School Corporation and reviewed by the Indiana State Board of Accounts (SBOA) to determine if the correct amount was paid to the former Athletic Secretary and other individuals.

Part of the former Athletic Secretary's duties included paying officials and individuals that worked extracurricular events for the School Corporation. These payments were made using an online platform, with payments being direct deposited into individuals' accounts, based on the event and pay information that was entered into the system by the former Athletic Secretary. Additionally, the former Athletic Secretary received additional compensation for working at various athletic events, in various positions ranging from Ticket Sales, Supervisor, Concessions, and Scorebook Keeper. The School Corporation expected that these positions were being paid at a flat rate, not to exceed \$30 per event.

The former Athletic Secretary resigned from the School Corporation in December 2022 and declined an interview to answer questions.

PAYMENTS RECEIVED BY FORMER ATHLETIC SECRETARY

The former Athletic Secretary received payments from October 28, 2020 to September 22, 2022, for regular season athletic events worked, totaling \$9,936. Of this total amount received, the SBOA determined that payments in the amount of \$6,628.50 were paid in excess of the maximum expected rate of \$30 per event. Identified instances of paid events that exceeded the \$30 expectation were separated into the following categories:

- Hourly and Excessive Rates - Compensation should have been paid at a flat rate of \$30 per event; however, hourly and flat rates that exceeded \$30 were entered into the system by and paid to the former Athletic Secretary. For example, hourly rates ranging from \$15 to \$25 per hour were incorrectly used for some events, while flat rates ranging from \$15 to \$80 per event were used at other times instead of the expected \$30 per event.
- Duplicated and Multiple Event Pays - Instances occurred where the former Athletic Secretary received multiple payments for: the same exact event, events occurring at or near the same time, and for events occurring back-to-back; all of which should have been one single payment of the \$30 flat rate. For example, in a single evening, the former Athletic Secretary received 4 separate payments for: Freshmen Volleyball at 6:00 p.m., as Libero Tracker, \$20 per hour for 1 hour, totaling \$20; Varsity Volleyball at 7:15 p.m., as Concessions Manager, \$21.60 per hour for 8 hours, totaling \$172.80; Varsity Volleyball at 7:15 p.m., as Supervision, \$20 per hour for 3 hours, totaling \$60; Soccer Girls Varsity at 7:45 p.m., as Supervision, \$20 per hour for 3 hours, totaling \$60. During this evening, a total amount of \$312.80 was received, while there was an expectation that a flat rate of \$30 would have still been used. The School Corporation stated that it was not common practice to schedule, or expect, an individual to work multiple back-to-back events for varying sports and positions in a single evening.

TRI-WEST SENIOR HIGH SCHOOL EXTRACURRICULAR ATHLETICS FUND
 NORTHWEST HENDRICKS SCHOOL CORPORATION
 RESULTS AND COMMENTS
 (Continued)

- Secretary and Coaching Duties - Payments were made for activities that were required as part of the normal secretary and coaching duties and should not have been paid. For example, 5 payments were made for events that all occurred between 9:00 a.m. to 3:00 p.m. during Tuesday through Friday, which would be part of the normal day, for the following purposes: freshmen orientation, high school registration, coaches meeting, and sport picture day.

Payment Classification	2020	2021	2022	Totals
Hourly and Excessive Rates	\$ 315.00	\$ 183.46	\$ 1,853.10	\$ 2,351.56
Duplicated and Multiple Event Pays	-	393.94	3,083.00	3,476.94
Secretary and Coaching Duties	-	-	800.00	800.00
Totals	<u>\$ 315.00</u>	<u>\$ 607.40</u>	<u>\$ 5,736.10</u>	<u>\$ 6,628.50</u>

For the period reviewed, the School Corporation did not have tangible evidence of an approved rate sheet or policy in place that is able to support its expected rate of \$30 per event to be paid to workers. Additionally, the School Corporation did not identify any supporting evidence that would have allowed the former Athletic Secretary to be paid at an hourly rate, or to be paid at an increased flat rate more than other individuals. The \$30 per event rate was communicated verbally and through an unapproved rate sheet at the athletic office; however, this amount was not officially approved by the School Corporation. Through interviews with event workers, it was determined that a rate of less than \$30 could be provided in some instances of a short task or if work was performed by a younger individual. To support this expectation, the SBOA reviewed payment data for these extracurricular events and performed calculations to determine that the average amounts of pay per event for the former Athletic Secretary was \$61.33, and \$28.85 for all other event workers. Calculations to identify the payments that exceeded the expected rate were completed by comparing the total amount received for an event to the School Corporation's maximum expected rate of \$30 per applicable event. The review of payment data provides evidence that event workers, other than the former Athletic Secretary, were paid \$30 or less, on average. Instances of overpayment to the former Athletic Secretary occurred due to a lack of internal controls and procedures.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

TRI-WEST SENIOR HIGH SCHOOL EXTRACURRICULAR ATHLETICS FUND
NORTHWEST HENDRICKS SCHOOL CORPORATION
RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

Internal controls in place did not effectively ensure that payments for athletic events were made correctly and consistently. A lack of segregation of duties allowed inconsistent payment parameters to be entered into and processed by the payment system.

The former Athletic Secretary's access to the payment system allowed the availability to create positions and rates for events that exceeded the amounts being paid to the other individuals working events, and what was expected by the School Corporation. Payments to event workers were reviewed by the athletic department to ensure that they occurred; however, this review did not ensure that the payments were made at the same consistent rate for all individuals. The School Corporation began using the online payment system in 2020 and did not immediately identify the risks associated to the former Athletic Secretary's system access and payment processing role. Since these excessive payments were identified, the School Corporation has implemented increased review procedures to ensure that payments made were at the correct rate to appropriate individuals.

The School Corporation failed to ensure that all compensation paid to officials and employees was included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body. Without having an approved rate of compensation for working extracurricular events, the School Corporation is unable to review and verify that payments to individuals were made correctly.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

TRI-WEST SENIOR HIGH SCHOOL EXTRACURRICULAR ATHLETICS FUND
NORTHWEST HENDRICKS SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2025, with Scott Syverson, Superintendent of Schools; David Hobaugh, Assistant Superintendent of Schools; Scott Knapp, Tri-West High School Athletic Director; and Mike Tricker, Tri-West High School Principal.