

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

SPECIAL INVESTIGATION REPORT

OF

DALEVILLE COMMUNITY SCHOOLS

DELAWARE COUNTY, INDIANA

September 23, 2019 to July 21, 2023



FILED
03/07/2024

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DALEVILLE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

This is a special investigation report for Daleville Community Schools (School Corporation), Delaware County, for the period September 23, 2019 to July 21, 2023, 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 collections of student fees at the junior/senior high school. 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.

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

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

November 16, 2023

DALEVILLE COMMUNITY SCHOOLS RESULTS AND COMMENTS

BACKGROUND

Stephanie Colvin (Colvin) was hired as the Secretary of Daleville Junior/Senior High School (High School) on September 23, 2019. As the High School Secretary, Colvin was responsible for collecting various fees from students including textbook rental, fundraisers, and parking fees. The Extracurricular Account (ECA) Treasurer, Kristen Flowers (Flowers), provided Colvin with a receipt book containing triplicate copies of receipts to keep track of these various collections.

Additionally, Colvin served as the 2022-2023 Junior Class Sponsor and would oversee various fundraising activities including selling discount cards, baked goods, and prom fundraisers. Colvin would collect these various fundraising fees, approve any disbursements from the proceeds of these activities, and complete a Summary of Collection Form (SA-8) to document collections. The SA-8 form would be given to the ECA Treasurer.

On July 11, 2023, Colvin submitted a "Request to Purchase" form and an invoice from 5 Tool Academy for reimbursement of \$800 for the purchase of a portable pitching mound. Prior to reimbursing Colvin, Flowers contacted the vendor who stated they did not manufacture portable pitching mounds. Furthermore, the vendor stated that the invoice was "definitely not from 5 Tool." Flowers also contacted the athletic director and baseball coach. Both confirmed they did not have any knowledge of a portable pitcher's mound being purchased, and a portable pitcher's mound was not found at any of the school properties. Flowers did not reimburse Colvin for the "purchase."

On July 21, 2023, Superintendent of Schools Greg Roach (Roach) and Athletic Director Ashley Fouch (Fouch) met with Colvin, and Colvin admitted to altering an invoice for the purchase of the \$800 pitching mound. Colvin resigned on July 21, 2023.

Roach directed Flowers to conduct an internal audit of the accounts and fundraisers under Colvin's oversight. Flowers reviewed ledgers, summary collection forms, and spoke with coaches. Flowers determined unaccounted for or missing collections in the areas of:

- Parking passes
- A senior class fundraiser
- Student locks
- Baseball concessions

The School Corporation officials notified the Indiana State Board of Accounts in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records. The results of our investigation are described in the following comments.

PARKING DECALS

Each school year, the School Corporation purchased parking decals that were sequentially numbered and included the school year on each decal. The parking decals were sold to students at a cost of \$10 each.

Colvin maintained an Excel file on her computer with a worksheet titled "permits to drive" (decal log). The decal log included a listing of the decal numbers and student's names beside each decal number to indicate who the decal was issued to. We computed the collections that should have been receipted and deposited for the decals sold based upon the decal logs for each school year beginning with 2019-2020 school year through the 2022-2023 and compared that to the amounts receipted and deposited for decal sales with the following accountability differences noted:

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

School Years	2019-2020	2020-2021	2021-2022	2022-2023	Total
Number of Decals Sold per Log	51	60	29	6	146
Computed Decal Collections per Log	\$ 510	\$ 600	\$ 290	\$ 60	\$ 1,460
Amount Received and Deposited	<u>-</u>	<u>406</u>	<u>-</u>	<u>-</u>	<u>406</u>
Accountability Difference	<u>\$ 510</u>	<u>\$ 194</u>	<u>\$ 290</u>	<u>\$ 60</u>	<u>\$ 1,054</u>

For the 2022-2023 school year, unissued decals were found in Colvin's desk (decal numbers 40, and 45-75) along with \$14.96 in cash. As per above, it seems unreasonable that only 6 decals valued at \$60 would have been sold to students in 2022-2023. Based upon the decal numbers that were in Colvin's desk, we were able to determine that forty-three (43) of the parking decals were not on hand with a value of \$430. Accounting for six (6) being sold per the decal log, this would leave a remaining accountability difference of \$370.

The following schedule details the total of parking decals sold according to Colvin's parking permit log and due to an inventory count of decals not on hand:

School Years	2019-2020	2020-2021	2021-2022	2022-2023	Total
Number of Decals Sold	51	60	29	43	183
Computed Decal Collections per Log and Inventory	\$ 510.00	\$ 600.00	\$ 290.00	\$ 430.00	\$ 1,830.00
Total Amount Received and Deposited	<u>-</u>	<u>406.00</u>	<u>-</u>	<u>14.96</u>	<u>420.96</u>
Accountability Difference - Collections Not Received or Deposited	<u>\$ 510.00</u>	<u>\$ 194.00</u>	<u>\$ 290.00</u>	<u>\$ 415.04</u>	<u>\$ 1,409.04</u>

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (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)

We requested Colvin reimburse the School Corporation \$1,409.04 for the parking decal collections not deposited accountability differences. (See Summary of Charges, page 11)

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

SENIOR PARKING FUNDRAISER

Each year the senior class would hold a fundraising event where seniors in good academic standing could purchase a parking spot to design and paint. School flyers were distributed to eligible students who were to submit a drawing for approval and remit \$40 to design and paint a parking spot. At the request of the sponsor, Eric Douglas (Douglas), Colvin collected the fees and kept track of the spaces purchased by the students as students were directed to turn in their money at the front desk (Colvin's desk). Colvin kept a diagram or map of the parking lot spaces available to the students. Each student would sign on the diagram for the spot they purchased. Colvin also maintained a list of the senior's names, marking each student as paid when she collected their fee. Eighteen (18) students signed the parking spot diagram, but only fifteen (15) students were marked as paid on Colvin's list of seniors' names.

Receipts and deposits for the senior parking fundraiser for the school years 2019-2020, 2020-2021, 2021-2022, and 2022-2023 were \$570, \$700, \$1,160, and \$160, respectively, consisting of cash, checks, and unidentified methods of payment as follows:

School Year	2019-2020	2020-2021	2021-2022	2022-2023	Total
Cash Collected, Receipted, and Deposited	\$ 450	\$ 670	\$ 1,120	\$ -	\$ 2,240
Checks Collected, Receipted, and Deposited	60	30	40	160	290
Unidentified Method of Payment Collected, Receipted, and Deposited	60	-	-	-	60
Totals	<u>\$ 570</u>	<u>\$ 700</u>	<u>\$ 1,160</u>	<u>\$ 160</u>	<u>\$ 2,590</u>

For the 2022-2023 school year, no cash collections were remitted by Colvin for the senior parking fundraiser. Based upon the diagrams or maps of the parking spaces with student names and the list of senior names marked as paid, we determined there should have been fifteen (15) senior parking spots sold at \$40 each totaling \$600. As per above, \$160 in checks were deposited, leaving \$440 in collections not receipted or deposited.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (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)

We requested Colvin reimburse the School Corporation \$440.00 for the senior parking fundraiser for collections not receipted or deposited. (See Summary of Charges, page 11)

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

LOCKS

Locks were sold to students for student lockers at a rate of \$5 each. As the High School Secretary, Colvin maintained custody of the locks which were kept in Colvin's desk. On July 28, 2022, a box of 100 locks was purchased by the school. After Colvin was terminated on July 21, 2023, Flowers performed a count of the box of locks. We also counted the locks in the box and confirmed that 14 locks were missing from the box; however, no collections had been received or deposited for locks between the time of the purchase of the locks and Colvin's termination.

For school years 2018-2019, 2019-2020, and 2020-2021, the High School collected and deposited \$105, \$90, and \$5, respectively, for student locks. No deposits were made for locks for school years 2021-2022 and 2022-2023.

We determined that Colvin should have deposited \$70 for the 14 missing locks for the period from July 28, 2022 to July 21, 2023. Records were not available to determine the sales of locks for the 2021-2022 school year.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 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)

We requested Colvin reimburse the School Corporation \$70 for collections not deposited as related to the missing locks. (See Summary of Charges, page 11)

CRIME INSURANCE POLICY

The School Corporation has insurance policies that includes employee theft coverage as follows:

<u>Term</u>	<u>Coverage</u>
07-01-19 to 07-01-20	\$ 50,000
07-01-20 to 07-01-21	50,000
07-01-21 to 07-01-22	50,000
07-01-22 to 11-15-22	50,000
11-15-22 to 11-15-23	50,000

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs, in the amount of \$14,011.83, due to the special investigation of the School.

Indiana Code 5-11-1-27(m) states:

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of

- (1) costs incurred by the state board of accounts; and
- (2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings."

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee.

Any audit costs paid without the prior approval of the SBOA when the SBOA has the statutory requirement to perform the audit of the unit may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

We requested Colvin reimburse the State of Indiana for the special investigation costs in the amount of \$14,011.83. (See Summary of Charges, page 11)

RECEIPTS

Class sponsors and staff used prenumbered duplicate receipts; however, the receipts were not from a printing supplier to make sure all receipts were in sequential order, including those from additional receipt books.

The ECA Treasurer used a three-part numbered receipt system as prescribed by the Indiana State Board of Accounts; however, these receipts only reflect monies received by the ECA Treasurer, mostly from class sponsors, teachers, and secretaries and not monies actually collected or receipts issued to students at time of collection.

Any receipts, checks, purchase orders, or other forms that require numbering shall be either prenumbered by an outside printing supplier or numbered by the government's computer system with sufficient controls installed in the system to prevent unauthorized generation of the form or duplication of numbers. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

BASEBALL CONCESSIONS AND LACK OF INVENTORY RECORDS

Baseball concessions were solely managed by Colvin and Colvin's husband. Managing the baseball concessions included collecting donated items from baseball players and parents, working the concession stand as well as scheduling volunteers, and maintaining the cash box. Items donated included beverages, such as water, Gatorade, and soda, and snacks, including chips and candy. Parents would purchase items to replenish as inventory. ECA funds were not used to purchase items sold for baseball concessions. No cash register was used to track concession sales at the events, and the cash box was not stored in the school safe. Colvin would take the money box with her each night.

For school years 2018-2019, 2020-2021, and 2021-2022, the High School receipted and deposited \$4,676.45, \$567.55, and \$716.60, respectively, for baseball concession sales. No deposits were made for baseball concessions for the 2019-2020 and 2022-2023 school year. Records were not available to determine if all collections were receipted and deposited due to a lack of receipts and the lack of a proper accounting of inventory of items available for sale and items sold.

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues. When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the extracurricular in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund. (Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 4)

Internal controls over vending operations, concessions, or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold, and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated.

(Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts, Chapter 5)

INTERNAL CONTROLS

There was lack of segregation of duties and oversight regarding ECA collections as follows:

- Records, including inventories of stock of resale and records of items purchased and sold, were not maintained and reconciled to records or receipts of collections.
- Analytical reviews and comparisons were not made of prior year collections for unusual fluctuations.
- Receipt books were given to secretaries and sponsors who collected funds; however, the receipts and receipt books were not properly managed and reviewed.

DALEVILLE COMMUNITY SCHOOLS
RESULTS AND COMMENTS
(Continued)

- Secretaries and sponsors would remit collections to Flowers without providing the duplicate copies of receipts.
- Flowers would accept the collections without insisting upon getting the receipts or reviewing the receipt books to ensure proper use.
- No one was ensuring receipts were being issued and that all receipt numbers were accounted for.

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. These 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. . . ."

DALEVILLE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2024, with Dr. Greg Roach, Superintendent of Schools; Kristen Flowers, ECA Treasurer; Diane Evans, President of the School Board, and Ron Halbert, School Board member.

DALEVILLE COMMUNITY SCHOOLS
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Stephanie Colvin, High School Secretary:			
Parking Decals	\$ 1,409.04	\$ -	\$ 1,409.04
Senior Parking Fundraiser	440.00	-	440.00
Locks	70.00	-	70.00
Special Investigation Costs	<u>14,011.83</u>	<u>-</u>	<u>14,011.83</u>
 Totals	 <u>\$ 15,930.87</u>	 <u>\$ -</u>	 <u>\$ 15,930.87</u>

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

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AFFIDAVIT

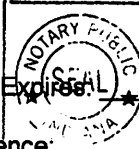
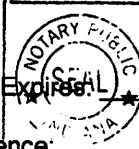
STATE OF INDIANA)
)
NOBIE COUNTY)

I, Susan Keenan, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Daleville Community Schools, Delaware County, Indiana, for the period from September 23, 2019 to July 21, 2023, is true and correct to the best of my knowledge and belief.

Susan Keenan
Field Examiner

Subscribed and sworn to before me this 22 day of FEBRUARY, 2024

Michelle Gillespie
Notary Public

My Commission Expires:  My Commission Expires
County of Residence:  August 9, 2025