

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

SPECIAL INVESTIGATION REPORT  
OF ATHLETIC DEPARTMENT  
OF

FRANKLIN CENTRAL HIGH SCHOOL  
FRANKLIN TOWNSHIP COMMUNITY  
SCHOOL CORPORATION  
MARION COUNTY, INDIANA

July 1, 2012 to June 30, 2015



**FILED**  
12/04/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Chad Blacklock	07-01-12 to 12-31-15
Superintendent of Schools	Dr. Walter D. Bourke Dr. Flora Reichanadter	07-01-12 to 07-31-12 08-01-12 to 06-30-17
President of the School Board	C. Scott Veerkamp	07-01-12 to 12-31-15



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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 FRANKLIN TOWNSHIP COMMUNITY  
SCHOOL CORPORATION, MARION COUNTY, INDIANA

We have conducted a special investigation of the records of the Athletic Department of Franklin Central High School for the period of July 1, 2012 to June 30, 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 as listed in the Table of Contents.

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

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

August 13, 2015

FRANKLIN CENTRAL HIGH SCHOOL  
FRANKLIN TOWNSHIP COMMUNITY SCHOOL CORPORATION  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER TICKET SALES***

Internal controls over athletic ticket sales were insufficient for school years 2012-2013, 2013-2014, and a portion of 2014-2015. The former Athletic Director had custody of all athletic ticket inventory, prepared cash change boxes for the athletic events, completed the SA-4 Ticket Sales Forms for the ticket sellers, verified the accuracy of the forms, and reconciled the cash change boxes to the tickets sold without verification by the ticket seller or any other individual.

The Athletic Department used SA-4 Ticket Sales Forms, but they were not completed correctly. The forms were completed entirely by the former Athletic Director who in some instances signed as both the ticket seller and verifier of the form. In other instances the SA-4 Ticket Sales Forms contained a person's signature on the line designated for the ticket seller that appeared to be in the same handwriting as the rest of the form that was prepared and verified by the former Athletic Director.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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)

***DEPOSIT OF PUBLIC FUNDS***

On April 26, 2010, the School Board approved a Pay-To-Participate fee schedule for students participating in athletics. During the 2012-2013 school year, the former Athletic Director collected and accounted for Pay-To-Participate fees for the football program. Pay-To-Participate fees for all other sports teams were accounted for and collected by another faculty member. For school years 2013-2014 and 2014-2015 all Pay-To-Participate fees were accounted for and collected by this other faculty member.

The former Athletic Director made one deposit of football participation fees for the 2012-2013 school year. That deposit was made on September 17, 2012, in the amount of \$11,740 and consisted only of checks. On March 5, 2015, School officials discovered a large manila envelope with cash in the

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amount of \$765 and checks in the amount of \$580 in a file cabinet in the former Athletic Directors Office. The checks were dated 2012 and appeared to be partial payments of football players' Pay-To-Participate fees. The envelope was labeled "P to P \* need \$." Also, included in the envelope was Athletic Support Fee Contracts for two freshman football players which indicated amounts needed to complete payments and either Athletic Support Fee Contracts or notes regarding amounts needed from three high school football players. The discovered cash was deposited on March 6, 2015. No attempt has been made by the School to collect the stale-dated checks.

Pay-To-Participate fees collected for all other sports teams were deposited in a timelier manner.

On March 18, 2015, another manila envelope which was labeled "Boy's Golf 2012" was discovered in the former Athletic Director's Office which contained two checks for \$160 each that appear to be team entry fees to a golf tournament hosted by Franklin Central High School. No attempt has been made by the School to collect on the stale-dated checks.

The treasurer shall deposit without unreasonable delay, all receipts in one bank account to be known as the "**(name of school)** School Extra-Curricular Account." (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

### ***COLLECTION OF AMOUNTS DUE***

On April 26, 2016, the School Board approved a fee schedule for a Pay-To-Participate program for students participating in athletics. In the 2012-2013 school year, the former Athletic Director collected and accounted for Pay-To-Participate fees for the football program. Pay-To-Participate fees for all other sports teams were accounted for and collected by another faculty member. For school years 2013-2014 and 2014-2015, all Pay-To-Participate fees were accounted for and collected by this other faculty member.

Students were charged Pay-To-Participate fees based on an established fee schedule. Fees differed for students who qualified for free and reduced lunches, student athletic trainers, student managers, students participating in golf, gymnastics and cheerleading, and for students who participated in multiple sports.

Testing performed indicated that Pay-To-Participate collections deposited for the football program in the 2012-2013 school year were 83 percent of expected collections based on the approved fee schedule and the number of participants. As noted previously, there were additional collections of cash and checks discovered in the former Athletic Director's Office. After including the discovered cash and checks, the total football Pay-To-Participate collections for the 2012-2013 school year were 91 percent of expected collections. During the same school year, Pay-To-Participate collections deposited for all other sports were 95 percent of expected collections based on the approved fee schedule and the number of participants. During the 2013-2014 and 2014-2015 school years, the School collected nearly all of the calculated Pay-To-Participate fees.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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***CASH CHANGE FUNDS***

On June 30, 2015, a cash change count conducted by the Indiana State Board of Accounts revealed an Athletic Cash Change fund used for the 2014-2015 school year had not been deposited back into the high school funds, but remained locked in a safe in the High School Treasurer's Office. The Cash Change fund was receipted to the records and deposited on July 6, 2015.

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 school corporation 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 [IC 36-1-8-2]. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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EXIT CONFERENCE

The contents of this report were discussed on August 13, 2015, with Dr. Flora Reichanadter, Superintendent of Schools, and Chad Blacklock, Treasurer.