

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

SPECIAL INVESTIGATION REPORT

OF

INDIANA SCHOOL FOR THE DEAF

STATE OF INDIANA

June 21, 2015 to June 18, 2017



**FILED**  
04/06/2018



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF STATE OF INDIANA COUNTY, INDIANA

We have conducted a special investigation of the payroll records of the Indiana School for the Deaf (School), for the period June 21, 2015 to June 18, 2017. The purpose of our investigation was to determine if salaries paid to the teachers and staff of the School were in accordance with the approved salary schedule. The result of our investigation is fully described in the Special Investigation Result and Comment as listed in the Table of Contents.

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

March 23, 2018

INDIANA SCHOOL FOR THE DEAF  
SPECIAL INVESTIGATION RESULT AND COMMENT

**OVERPAYMENT OF SALARY**

For the period June 21, 2015 through June 18, 2017, employees of the School were not always paid the approved salary amount. We reviewed all payments made to employees for payroll during that period and compared to the approved salary amount to determine if any overpayments existed. We found the following employees were paid more than the approved salary totaling \$40,048:

<u>Name of Employee</u>	<u>Overpayment Amount</u>	<u>Credit for Unpaid Stipend</u>	<u>Amount Requested to Be Reimbursed</u>	<u>Current Employment Status</u>
Debra Liebrich	\$ 9,412	\$ -	\$ 9,412	Retired 06-10-17
Dawniela Patterson	21,550	5,000	16,550	Resigned 08-13-16
Shannon Stafford	9,716	-	9,716	Current employee
Totals	<u>\$ 40,678</u>	<u>\$ 5,000</u>	<u>\$ 35,678</u>	

We requested that Debra Liebrich reimburse the State \$9,412. As of the date of this report, arrangements have been made between the School and Ms. Liebrich to make payment in full by May 1, 2018. (See Summary of Charges, page 7)

We requested that Shannon Stafford reimburse the State \$9,716. As of the date of this report, the School and Ms. Stafford are working together to come to agreeable terms for repayment. (See Summary of Charges, page 7)

We requested that Dawniela Patterson reimburse the State \$16,550. (See Summary of Charges, page 7)

Each agency, department, quasi, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, CH 00).

INDIANA SCHOOL FOR THE DEAF  
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2018, with Dr. David Geeslin, Superintendent; Kevin McDowell, Attorney; and Jeremy Hawk, Chief Financial Officer.



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## OFFICIAL RESPONSE

In response to the special investigation conducted of payroll records at the Indiana School for the Deaf (ISD) by the State Board of Accounts (SBOA), ISD would like to state the following:

This special investigation was requested by ISD once it became aware of potential discrepancies in its employees' salaries and their actual pay during the last several years. ISD wanted to verify that the issues identified were contained only to the few individuals already on our radar and that there was not a larger problem at hand. It became necessary to involve SBOA to ensure this would be completed thoroughly and properly.

After determining that its investigation and findings would only include the last two years of payroll records, SBOA concluded that the three individuals ISD had already identified were the only employees that had any significant overpayment; whose names and overpayment amounts have been listed in the SBOA report. During this investigation, and as a result of our cooperation with SBOA, ISD determined that there was a miscommunication regarding the number of work days required of these three individuals, which is a situation unique to ISD and a small number of other state agencies. As we are a school, many of our employees only work during the school year, and are not present on campus, or required, during summer time. These employees work an assigned number of days during the school calendar and that number of days determines their salary. At some point during the last several years, a determination was made by the Superintendent to decrease the number of working days that would be assigned to a number of ISD employees, of which these in particular, were included. Unfortunately, while the number of working days was decreased, the salaries of the employees did not. This issue led to the internal controls finding as reported by SBOA.

Since these payroll discrepancies were uncovered, ISD has taken many steps to increase our internal controls over this process. We have taken the following actions, accordingly.

1. Used the SBOA report findings to make necessary corrections to the salaries of existing staff members to bring them in line with their required work days, and to prevent any further overpayment.
2. Worked with our HR Generalist from the State Personnel Department (SPD) to determine a procedure for determining and communicating all school staff salaries at the beginning of each school year. This will be in the form of a letter, verifying both the number of days required to be worked and the salary that corresponds with that work. This will provide a process for the Business Office to ensure proper payroll files, as well as ensuring that ISD staff is informed and knowledgeable regarding any changes to their salary.

3. Communicated with the Auditor of State's (AOS) office to inquire about payroll training for ISD Business Office staff members. AOS is now offering payroll training to all state employee payroll clerks, which will be attended by ISD's payroll clerk, an additional ISD Business Office staff member who will serve as a backup and additional set of checks on these processes, as well as our Chief Financial Officer.
4. Verified with the Indiana School for the Blind and Visually Impaired (ISBVI), who shares the same category of employees as ISD, their processes and procedures for calculating both salaries and biweekly pay rates for these individuals to ensure our practices were in line with other agencies.
5. Provided additional information and trainings to ISD employees about their salaries and their duty to verify the accuracy of their paychecks, as well as report any discrepancies as soon as they become known.

ISD is confident that these issues will not persist, and we will continue to work to improve communications, oversight, and training in all areas of payroll processing to ensure this situation is avoided in the future.



David Geeslin  
Superintendent  
Indiana School for the Deaf



Jeremy Hawk  
Chief Financial Officer  
Indiana School for the Deaf

INDIANA SCHOOL FOR THE DEAF  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Debra Liebrich, retired school employee:			
Overpayment of Salary, page 4	\$ 9,412	\$ -	\$ 9,412
Dawniela Patterson, former school employee:			
Overpayment of Salary, page 4	16,550	-	16,550
Shannon Stafford, current school employee:			
Overpayment of Salary, page 4	<u>9,716</u>	<u>-</u>	<u>9,716</u>
Totals	<u>\$ 35,678</u>	<u>\$ -</u>	<u>\$ 35,678</u>

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA            )  
  )  
MARION COUNTY)

I, Beth Kelley, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Indiana School for the Deaf, Marion County, Indiana, for the period from June 21, 2015 to June 18, 2017, is true and correct to the best of my knowledge and belief.

Beth Kelley  
Field Examiner

Subscribed and sworn to before me this 6 day of APRIL, 2018

Juanita M. Hendrickson  
Notary Public

My Commission Expires: 10-19-23

County of Residence: HENDRICKS

