

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

SPECIAL INVESTIGATION REPORT  
OF

GRANDVIEW ELEMENTARY SCHOOL  
FAYETTE COUNTY SCHOOL CORPORATION  
FAYETTE COUNTY, INDIANA

April 1, 2017 to August 10, 2017



**FILED**  
04/17/2018



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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 FAYETTE COUNTY SCHOOL CORPORATION, FAYETTE COUNTY, INDIANA

This is a special investigation report for Fayette County School Corporation (School Corporation), for the period April 1, 2017 to August 10, 2017, 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/](http://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 Grandview Elementary School's Book Fair. 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.

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

February 20, 2018

GRANDVIEW ELEMENTARY SCHOOL  
FAYETTE COUNTY SCHOOL CORPORATION  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

**BACKGROUND**

School Corporation officials became aware that book fair collections had not been remitted to the Extracurricular Treasurer at Grandview Elementary School.

The Indiana State Board of Accounts was notified by School Corporation officials in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting for the Book Fair collections at Grandview Elementary School. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts.

**BOOK FAIR COLLECTIONS NOT REMITTED**

Grandview Elementary School held a Book Fair in April of 2017. Heather Crisp (Crisp), former Media Assistant, was responsible for all aspects of the Book Fair. Her duties included maintaining the inventory, scanning items sold, collecting payment, balancing the cash drawer, submitting financial information to the book vendor, and remitting the collections to the Extracurricular Treasurer. Below is a schedule of sales as reported by the book vendor:

	<u>Total Collected at Book Fair</u>
Total Sales	\$ 4,314.61
Add: Sales Tax	83.81
Less: Credit Card Sales (Paid directly to the book vendor)	<u>(572.10)</u>
Net Collections - Cash and Checks	<u><u>\$ 3,826.32</u></u>

The net collections of \$3,826.32 were never remitted by Crisp to the Extracurricular Treasurer either during, or at the completion of the Book Fair.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance 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 Extra-Curricular Accounts, Chapter 7)

We requested Crisp to reimburse Grandview Elementary School \$3,826.32 for Book Fair collections not remitted. (See Summary of Charges, page 6)

**SPECIAL INVESTIGATION COSTS**

The State of Indiana incurred additional costs in the investigation of book fair collections not remitted at Grandview Elementary School.

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

We requested Crisp to reimburse the State of Indiana \$1,107.17 for special investigation costs. (See Summary of Charges, page 6)

GRANDVIEW ELEMENTARY SCHOOL  
FAYETTE COUNTY SCHOOL CORPORATION  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROL DEFICIENCIES**

We noted several deficiencies in the internal control system concerning the handling of Book Fair collections. These deficiencies included, but were not limited to, lack of segregation of duties relating to collecting, recording, and depositing of Book Fair collections. Crisp was responsible for all aspects of the Book Fair. Her duties included maintaining the inventory, scanning items sold, collecting payment, balancing the cash drawer, submitting financial information to the book vendor, and remitting the collections to the Extracurricular Treasurer. There was no oversight to ensure that daily sales were balanced to the cash drawer and remitted to the Extracurricular Treasurer.

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)

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. . . ."

**CRIME INSURANCE COVERAGE**

The following is information regarding crime insurance obtained by the School Corporation:

<u>Period</u>	<u>Amount</u>
01-01-17 to 12-31-17	\$ 30,000

GRANDVIEW ELEMENTARY SCHOOL  
FAYETTE COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2018, with Scott Collins, Superintendent of Schools; Jane Kellam-Tollett, Director of Finance; Carla Hubbard, Grandview Elementary School Principal.

The contents of this report were discussed on February 22, 2018, via a phone call with Heather Crisp, former Media Assistant, Grandview Elementary School.

GRANDVIEW ELEMENTARY SCHOOL  
 FAYETTE COUNTY SCHOOL CORPORATION  
 SUMMARY OF CHARGES  
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Heather Crisp, former Media Assistant:			
Book Fair Collections Not Remitted, page 3	\$ 3,826.32	\$ -	\$ 3,826.32
Special Investigation Costs, page 3	<u>1,107.17</u>	<u>-</u>	<u>1,107.17</u>
 Totals	 <u>\$ 4,933.49</u>	 <u>\$ -</u>	 <u>\$ 4,933.49</u>

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

AFFIDAVIT

STATE OF INDIANA            )  
DELAWARE COUNTY)

I, William F. Vinson, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Fayette County School Corporation, Fayette County, Indiana, for the period from April 1, 2017 to August 10, 2017, is true and correct to the best of my knowledge and belief.

Wm. F. Vinson  
Field Examiner

Subscribed and sworn to before me this 21 day of March, 2018

Michael A. King  
Notary Public

My Commission Expires: 12-31-18

County of Residence: Delaware