

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

SPECIAL INVESTIGATION REPORT
OF

PARK ELEMENTARY SCHOOL
MADISON-GRANT UNITED SCHOOL CORPORATION
GRANT COUNTY, INDIANA

December 9, 2016 to January 18, 2018



FILED
10/01/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PARK ELEMENTARY SCHOOL, MADISON-GRANT
UNITED SCHOOL CORPORATION, GRANT COUNTY, INDIANA

This is a special investigation report for Park Elementary School (School Corporation), specifically the Latchkey collections, for the period December 9, 2016 to January 18, 2018, 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. We limited our procedures to records associated with Latchkey collections. 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

July 25, 2018

PARK ELEMENTARY SCHOOL
MADISON-GRANT UNITED SCHOOL CORPORATION
RESULTS AND COMMENTS

BACKGROUND

The School Corporation officials became aware that there were Latchkey collections that were not remitted to the Extracurricular Treasurer.

The Indiana State Board of Accounts was notified by the 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 of the Latchkey collections. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts.

LATCHKEY COLLECTIONS NOT REMITTED

Jennifer Hartman (Hartman) was the Director of the Latchkey program from May 26, 2015 through January 18, 2018. Hartman used sign-in/sign-out sheets to calculate the weekly amount due for each child in the latchkey program. The parents paid Hartman, who issued receipts denoting whether the payments were by cash or by check. Hartman was responsible for remitting all collections to the Extracurricular Treasurer. The Extracurricular Treasurer issued a receipt to Hartman each time collections were remitted.

Records for Hartman's first 18 months as the Latchkey Director were not all retained. Receipt books covering the period from May 26, 2015 through December 8, 2016, were not available. The sign-in/sign-out sheets and weekly calculation sheets for that same period were either not available or incomplete.

For the period from December 9, 2016 through January 18, 2018, we compared Latchkey receipts issued to parents with collections remitted to the Extracurricular Treasurer. We were able to trace checks received by Hartman to amounts remitted to the Extracurricular Treasurer and deposited, with one exception (\$54). Cash remitted by Hartman to the Extracurricular Treasurer was \$3,079 less than the amount collected by Hartman. Amounts collected and remitted are as follows:

<u>Collections per Latchkey Receipts</u>	<u>Cash</u>	<u>Checks</u>	<u>Totals</u>
December 9, 2016 to January 18, 2018	\$ 5,991	\$ 4,829	\$ 10,820
Remitted to Extracurricular Treasurer	<u>(2,912)</u>	<u>(4,775)</u>	<u>(7,687)</u>
Collections Not Remitted to Extracurricular Treasurer	<u>\$ 3,079</u>	<u>\$ 54</u>	<u>\$ 3,133</u>

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

We requested Hartman to reimburse the School Corporation \$3,133 for Latchkey collections not remitted. (See Summary of Charges, page 6)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the Latchkey collections not remitted at the School Corporation.

PARK ELEMENTARY SCHOOL
MADISON-GRANT UNITED SCHOOL CORPORATION
RESULTS AND COMMENTS
(Continued)

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 Hartman to reimburse the State of Indiana \$3,732.96 for special investigation costs. (See Summary of Charges, page 6)

INTERNAL CONTROL DEFICIENCIES

There were deficiencies noted in the internal controls regarding the collection and remittance of Latchkey receipts. Adequate documentation of collections was not always maintained. There was no verification process to ensure the amounts collected were remitted to the Extracurricular Treasurer.

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:

Period	Amount
01-26-16 to 12-31-16	\$ 5,000
01-01-17 to 12-31-17	5,000
01-01-18 to 12-31-18	5,000

PARK ELEMENTARY SCHOOL
MADISON-GRANT UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2018, with Dr. Scott Deetz, Superintendent of Schools; Tarinna Morris, Corporation Treasurer; Aaron Caudell, President of the School Board; Melissa DeWitt, Park Elementary School Principal; and Janine Marnin, Extracurricular Treasurer, Park Elementary School.

PARK ELEMENTARY SCHOOL
MADISON-GRANT UNITED SCHOOL CORPORATION
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Jennifer Hartman, former Latchkey Director:			
Latchkey Collections Not Remitted, page 3	\$ 3,133.00	\$ -	\$ 3,133.00
Special Investigation Costs, pages 3 and 4	3,732.96	-	3,732.96
Totals	\$ 6,865.96	\$ -	\$ 6,865.96

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 Park Elementary School, Madison-Grant United School Corporation, Grant County, Indiana, for the period from December 9, 2016 to January 18, 2018, is true and correct to the best of my knowledge and belief.

Wm. F. Vinson
Field Examiner

Subscribed and sworn to before me this 12th day of September, 2018.

Michael A. King
Clerk of the Circuit Court