

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

SPECIAL INVESTIGATION REPORT
OF

CARRIE GOSCH ELEMENTARY SCHOOL
EXTRACURRICULAR ACCOUNT
SCHOOL CITY OF EAST CHICAGO
LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
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STATE OF INDIANA
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TO: THE OFFICIALS OF SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

This is a special investigation report for School City of East Chicago (School Corporation), for the period July 1, 2013 to June 30, 2015, 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 candy bar fundraising at Carrie Gosch Elementary 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 this report, was not verified for accuracy.

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

November 2, 2015

CARRIE GOSCH ELEMENTARY SCHOOL EXTRACURRICULAR ACCOUNT
SCHOOL CITY OF EAST CHICAGO
RESULTS AND COMMENTS

FUNDRAISER COLLECTIONS PROCEEDS NOT DEPOSITED

Carrie Gosch Elementary School conducted a candy bar fundraiser from April 13, 2015 to May 1, 2015. Debra M. Lopez (Lopez), former parent liaison at the school, and Beverly D. Jefferson (Jefferson), former attendance Secretary at the school, were responsible for the recordkeeping and collections of the candy bar fundraising sales.

Fundraiser collections of \$1,754.33 were remitted to the school's Extracurricular Treasurer. Additional collections of \$1,334.36 were used to make cash purchases related to end of school year activities instead of remitting the collections to the Extracurricular Treasurer. Invoices and receipts from various vendors were provided for the cash purchases made.

Based on the invoices from the candy company, collections remitted and deposited by the Extracurricular Treasurer and cash purchases made directly from proceeds, \$3,561.32 in collections for candy bar sales were unaccounted for.

Internal control policies and procedures in place surrounding this fundraiser failed to provide clear documentation of the flow of sales proceeds. Accordingly, it was impossible to determine the party or parties responsible for the undeposited sales proceeds.

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)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROL DEFICIENCIES

We noted several deficiencies in the internal control system for the Carrie Gosch Elementary School Extracurricular Account. These deficiencies included, but were not limited to, lack of proper controls over fundraising activities. These deficiencies were communicated to School Corporation officials.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CARRIE GOSCH ELEMENTARY SCHOOL EXTRACURRICULAR ACCOUNT
SCHOOL CITY OF EAST CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2015, with Robert Doctor, Chief Financial Officer; Dr. Youssef Yomtoob, Superintendent of Schools; and Erica Glenn, Principal of Carrie Gosch Elementary School.