

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

SPECIAL INVESTIGATION REPORT
OF

ROBEY ELEMENTARY SCHOOL
METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
MARION COUNTY, INDIANA

January 23, 2017 to March 20, 2018



FILED

10/11/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter	2
Special Investigation Results and Comments:	
Background.....	3
Collections Not Receipted nor Deposited.....	3-4
Special Investigation Costs.....	4
Internal Controls.....	4-5
Crime Insurance Coverage.....	5
Exit Conference.....	6
Summary of Charges	7
Affidavit.....	9



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WAYNE TOWNSHIP, MARION COUNTY, INDIANA

This is a special investigation report for the Metropolitan School District of Wayne Township (School Corporation), for the period January 23, 2017 to March 20, 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 and were limited to records associated with Robey Elementary School collections and corresponding receipts and deposits. The Special Investigation 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

September 12, 2018

ROBEY ELEMENTARY SCHOOL
METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
RESULTS AND COMMENTS

BACKGROUND

After Robey Elementary School (Elementary School) Extracurricular Treasurer, Angela White (White) resigned her position on March 20, 2018, the School Corporation became aware of discrepancies between amounts collected by the teachers and amounts receipted to the Extracurricular records and deposited in the bank. White was the Extracurricular Treasurer at the Elementary School for the period of January 23, 2017 to March 20, 2018.

White was responsible for the accounting and depositing of all revenue generated from field trips, sales of school items, book fairs, and fundraisers such as candy cane sales, fruit sales, smencil sales, hurricane relief donations, and the Ballinger Coin Challenge as well as any other revenue normally collected by the Elementary School.

An internal review of the Extracurricular records was conducted by the School Corporation. The School Corporation then contacted the Indiana State Board of Accounts in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and the accounting for these collections to determine if any revenues were not receipted nor deposited. The following describes non-compliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts.

COLLECTIONS NOT RECEIPTED NOR DEPOSITED

Documentation maintained by various Elementary School teachers was compared to the amounts receipted and deposited by White for the period January 23, 2017, through March 20, 2018. Below is a schedule of the comparisons:

Description	Fund	Amounts Collected Per Teachers' Documentation	Receipts/ Deposits Amounts	Collections Not Receipted Nor Deposited
March, '17 Clowes Hall Field Trip	Kindergarten	\$ 984.00	\$ -	\$ 984.00
April, '17 Camp Jameson Field Trip	2nd Grade	792.00	649.00	143.00
April, '17 Clowes Hall Field Trip	1st Grade	1,200.00	880.00	320.00
May, '17 Camp Tecumseh Field Trip	3rd Grade	7,560.00	7,020.00	540.00
May, '17 Conner Prairie Field Trip	4th Grade	1,105.50	984.25	121.25
September, '17 Beasley's Orchard Field Trip	1st Grade	1,130.00	441.00	689.00
November, '17 Book Fair	Library	5,182.82	5,010.82	172.00
November, '17 JA Biztown Field Trip	5th Grade	2,464.00	753.00	1,711.00
November, December, '17 Fruit Sales	5th Grade	5,070.00	3,899.00	1,171.00
December, '17 Indiana Repertory Theater Field Trip	6th Grade	1,309.00	550.25	758.75
December, '17 Indiana Repertory Theater Field Trip	Horizons	182.00	181.00	1.00
February, '18 Teacher Dinner	Teachers	1,321.26	1,144.52	176.74
February, '18 Smencil Sales	5th Grade	2,000.00	1,549.47	450.53
February, '18 Indy Fuel Field Trip	4th Grade	1,404.00	936.00	468.00
March, '18 Clowes Hall Field Trip	Kindergarten	854.00	192.00	662.00
March, '18 Book Fair	Library	4,931.51	1,971.96	2,959.55
April, '18 Camp Tecumseh Field Trip	3rd Grade	4,560.00	3,438.00	1,122.00
May, '18 Bradford Woods Field Trip	5th Grade	10,940.75	9,912.75	1,028.00
Candy Cane Sales	3rd Grade	1,500.00	876.24	623.76
Coin Challenge	Ballinger Challenger	734.37	315.23	419.14
Hurricane Relief	Donations	928.20	564.54	363.66
Recorders	Music	420.00	197.00	223.00
Totals		<u>\$ 56,573.41</u>	<u>\$ 41,466.03</u>	<u>\$ 15,107.38</u>

ROBEY ELEMENTARY SCHOOL
METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
RESULTS AND COMMENTS
(Continued)

Tickets, goods for sale, billings and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

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 Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

We requested that White reimburse \$15,107.38 to the Elementary School Extracurricular account for collections not receipted nor deposited. (See summary of Charges, page 7)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the collections not receipted nor deposited at the 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 that White reimburse the State of Indiana \$6,363 for special investigation costs. (See Summary of Charges, page 7)

INTERNAL CONTROLS

The internal control system at the Elementary School contained the following weaknesses:

1. There was no segregation of duties for the Extracurricular Treasurer. White was responsible for accounting for all monies generated by the Extracurricular activities, preparing the deposit ticket, making the deposits in the bank, issuing receipts, and reconciling the bank account to the Extracurricular records.
2. Money was often left with White by the teachers without jointly counting it or getting a receipt. Other times, money was counted with the teacher, but a receipt was not generated at the time the money was turned over to White.
3. An in-house form that would note the revenue collected by check and by cash broken down by denominations was not always used. On the occasions when it was used, it was not always retained with the copy of the deposit slip.

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)

ROBEY ELEMENTARY SCHOOL
 METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
 RESULTS AND COMMENTS
 (Continued)

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
06-01-16 to 06-01-17	\$ 100,000
06-01-17 to 06-01-18	100,000

ROBEY ELEMENTARY SCHOOL
METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2018, with Dr. Jeff Butts, Superintendent of Schools; Phyllis Lewis, President of the School Board; Amy Eaton, Director of Finance; Cheri O'Day-Marcotte, Assistant Superintendent of Schools; Sheresa Cushenberry-Bradford, Robey Elementary Extracurricular Treasurer; and Ben Markley, Robey Elementary Principal.

ROBEY ELEMENTARY SCHOOL
 METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Angela White, former Extracurricular Treasurer:			
Collections Not Receipted nor Deposited, page 3 and 4	\$ 15,107.38	\$ -	\$ 15,107.38
Special Investigation Costs, page 4	<u>6,363.00</u>	<u>-</u>	<u>6,363.00</u>
Totals	<u>\$ 21,470.38</u>	<u>\$ -</u>	<u>\$ 21,470.38</u>

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

(This page intentionally left blank.)

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 Robey Elementary School, Metropolitan School District of Wayne Township, Marion County, Indiana, for the period from January 23, 2017 to March 20, 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 19th day of September, 2018.

Michael A. King
Clerk of the Circuit Court