

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

SPECIAL INVESTIGATION REPORT
OF

LENA DUNN ELEMENTARY SCHOOL
WASHINGTON COMMUNITY SCHOOLS, INC.
DAVISS COUNTY, INDIANA

March 1, 2017 to January 31, 2018



FILED
11/09/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON COMMUNITY SCHOOLS, INC., DAVIESS COUNTY, INDIANA

This is a special investigation report for Washington Community Schools, Inc. (School Corporation), for the period March 1, 2017 to January 31, 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 Lena Dunn Elementary lunch collections 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

June 21, 2018

LENA DUNN ELEMENTARY
WASHINGTON COMMUNITY SCHOOLS, INC.
SPECIAL INVESTIGATION RESULTS AND COMMENTS

BACKGROUND

Washington Community Schools, Inc. (School Corporation) officials became aware that Tracy Cissell (Cissell), former Cafeteria Manager at Lena Dunn Elementary, was not timely depositing checks into the School Lunch fund. Cissell was hired on March 9, 2017, by Sodexo, who was contracted by the School Corporation to operate the school lunch program. Cissell's responsibilities included both collecting and depositing school lunch funds.

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 of the school lunch funds. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations. The School Corporation also notified the Washington Police Department.

COLLECTIONS NOT DEPOSITED

During the period March 9, 2017 to January 19, 2018, collections were received by Cissell, which were not deposited in the bank account. Monthly bank deposit reports generated by the software program state a total of \$9,668.59 was receipted in for deposit; however, only \$6,808.88 was deposited in the bank account, resulting in collections not deposited of \$2,859.71. Records further indicate that on January 19, 2018, cash and checks were recovered from Cissell in the amount of \$1,636.10. Some of these checks were dated back to October 19, 2017. On January 23, 2018, Cissell turned in an additional \$903.32 to the Washington Police Department making a total of \$2,539.42 recovered, leaving a balance of \$320.29 not deposited.

The Food Service Management Company Request for Proposal for Washington Community Schools, Inc. states:

"All income accruing as a result of payments by children and adults, federal and state reimbursements, and all other income from sources such as donations, special functions, grants, loans, etc., shall be deposited in the SFA's food service account."

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. . . ."

Indian Code 35-44.2-2-1 states:

"A public servant who knowingly or intentionally fails to deposit public funds (as defined in [IC 5-13-4-20](#)) not later than one (1) business day following the receipt of the funds, in a depository in the name of the state or political subdivision by the public servant having control of the funds, commits a violation of the depository rule, a Class A misdemeanor. However, the offense is a Level 6 felony if the amount involved is at least seven hundred fifty dollars (\$750), and a Level 5 felony if the amount involved is at least fifty thousand dollars (\$50,000)."

LENA DUNN ELEMENTARY SCHOOL
WASHINGTON COMMUNITY SCHOOLS, INC.
RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted, or unaccounted for through malfeasance, misfeasance, or non-feasance 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 Indiana Public School Corporations, Chapter 1)

Cissell was requested to reimburse Washington Community Schools, Inc. \$2,859.71 for collections not deposited. (See Summary of Charges, page 7)

Cissell was given credit for the recovered collections of \$1,636.10 and \$902.32. (See Summary of Charges, page 7)

INTERNAL CONTROL DEFICIENCIES

Cissell was to, among other duties, collect lunch money from students, teachers, and staff, maintain records, and deposit collections into the School Lunch fund of the School Corporation.

The oversight of school lunch collections and deposits was not adequate by lack of only one employee reviewing. Due to this lack of adequate oversight, several instances of noncompliance were able to occur and not be identified in a timely manner.

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. . . ."

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the examination of Lena Dunn Elementary School Lunch collections.

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

LENA DUNN ELEMENTARY SCHOOL
WASHINGTON COMMUNITY SCHOOLS, INC.
RESULTS AND COMMENTS
(Continued)

Cissell was requested to reimburse the State of Indiana \$1,799 for special investigation costs. (See Summary of Charges, page 7)

CRIME/EMPLOYEE DISHONESTY COVERAGE

The following is information regarding crime/employee dishonesty coverage obtained by Sodexo:

<u>Period</u>	<u>Amount</u>
06-01-16 to 06-01-17	\$ 500,000
06-01-17 to 06-01-18	500,000

LENA DUNN ELEMENTARY SCHOOL
WASHINGTON COMMUNITY SCHOOLS, INC.
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2018, with Carrie Alford, Business Manager; Dr. Daniel Roach, Superintendent of Schools; and Steven K. Frette, President of the School Board.

LENA DUNN ELEMENTARY SCHOOL
 WASHINGTON COMMUNITY SCHOOLS, INC.
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Tracy Cissell, former Lena Dunn Cafeteria Manager:			
Collections Not Deposited, pages 3 and 4	\$ 2,859.71	\$ -	\$ 2,859.71
Recovered January 19, 2018	-	1,636.10	(1,636.10)
Recovered January 23, 2018	-	903.32	(903.32)
	<u>2,859.71</u>	<u>2,539.42</u>	<u>320.29</u>
Subtotals			
Special Investigation Costs, pages 4 and 5	<u>1,799.00</u>	-	<u>1,799.00</u>
Totals	<u>\$ 4,658.71</u>	<u>\$ 2,539.42</u>	<u>\$ 2,119.29</u>

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

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AFFIDAVIT

STATE OF INDIANA)
Greene)
COUNTY)

I, Lynne Spencer, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Washington Community Schools, Inc., Daviess County, Indiana, for the period from March 1, 2017 to January 31, 2018, is true and correct to the best of my knowledge and belief.

Lynne Spencer
Field Examiner

Subscribed and sworn to before me this 22 day of October, 2018.

Terressa E Sparks
Notary Public

My Commission Expires: 01-22-2025
County of Residence: Greene

