

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

SPECIAL INVESTIGATION REPORT
OF

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY SCHOOL CORPORATION
JASPER COUNTY, INDIANA

January 1, 2018 to June 30, 2018



FILED
12/07/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF KANKAKEE VALLEY SCHOOL CORPORATION, JASPER COUNTY, INDIANA

This is a special investigation report of Kankakee Valley School Corporation (School Corporation), for the period January 1, 2018 to June 30, 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 the Kankakee Valley High School Football Program's fundraising activities. 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.

The 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 5, 2018

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY SCHOOL CORPORATION
RESULTS AND COMMENTS

BACKGROUND

Derek Thompson (Thompson), was hired by the School Corporation on February 12, 2018, as the head football coach for the 2018-2019 school year.

The School Corporation conducted a golf outing to raise money to benefit the School Corporation football program. Thompson played a significant role in organizing the event for the School Corporation, including responsibility for handling and transmitting sponsor payments to the School Corporation's Extracurricular Treasurer for deposit into the extracurricular account.

School Corporation officials conducted an internal investigation into the golf outing fundraising event Thompson organized for their football program and determined that approximately \$2,250 of event proceeds were not deposited to the extracurricular account.

Thompson resigned from the School Corporation on June 21, 2018.

The School Corporation notified the Indiana State Board of Accounts of the misappropriated funds on July 5, 2018. The Indiana State Board of Accounts examined the records and the accounting for collections to determine if any additional monies were not deposited by Thompson. The Indiana State Board of Accounts also contacted local law enforcement for information regarding their investigation of the School Corporation. The following describes the results of the investigation conducted by the Indiana State Board of Accounts.

RECEIPTS NOT DEPOSITED

Golf Outing Sponsors

Kankakee Valley High School football players solicited donations from local businesses to "sponsor a hole" for the golf outing. The requested donation to sponsor a hole was \$150. Each sponsor was asked to complete a sponsorship form so that an accurate record of sponsors would be on file. The sponsorship form indicated that checks should be made payable to "Kankakee Valley High School" and sent to Thompson's home. Sponsors would be recognized with a sign on a hole at the tournament and inside the fall sports program.

We reviewed Thompson's personal bank records provided by local law enforcement, and found 6 checks payable to "Kankakee Valley High School Football c/o Derek Thompson" totaling \$1,050. The payor of the checks were for local businesses and were traced to the sponsorship form on file at the school.

In addition, we compared the golf outing sponsorship forms to bank deposits. We found eight completed sponsorship forms that we were unable to trace to a deposit. The sponsors were contacted by school officials to inquire as to the method of payment for their sponsorship. Five of the eight paid in cash, one paid \$150 by check, (we were provided a copy of their cancelled check, which was endorsed by Thompson) and two have been unresponsive to the request. Based on this information, we determined that \$1,200 should have been deposited for golf sponsorships. Thompson was responsible for ensuring that the funds were transmitted to the School Corporation's Extracurricular Treasurer for deposit into the extracurricular account.

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 Extra-Curricular Accounts, Chapter 7)

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY SCHOOL CORPORATION
RESULTS AND COMMENTS
(Continued)

We requested Thompson to reimburse \$2,250 to the football extracurricular account for sponsorship fees not deposited. (See Summary of Charges, page 7)

Football Golf Outing Proceeds

The Kankakee Valley Football Golf Outing took place on May 20, 2018. The Athletic Director took custody of the monies collected the day of the outing. According to the Athletic Director, Thompson requested \$1,200 cash from the golf outing proceeds to pay for the prizes to the winners of the golf outing. We interviewed the Golf Pro and no cash prizes were awarded to the winners. Instead, the golf course donated golfing passes (free round of golf) to the winners of the golf outing. We reviewed Thompson's bank records and found on May 21, 2018, Thompson deposited \$1,100 cash.

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 Thompson to reimburse \$1,200 to the football extracurricular account for golf outing proceeds not deposited. (See Summary of Charges, page 7)

Football Practice Gear Packs

Players could purchase a gear pack for \$100, which included, practice pants, t-shirt, jersey, shorts, girdle, mouthpiece, kneepads, and socks. Gear packs were ordered using an order form. Thompson was responsible for collecting for the football practice gear packs. A comparison of the order forms, provided by the school, to the actual deposits to the bank determined that \$250 cash had not been deposited.

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 Thompson to reimburse \$250 to the football extracurricular account for football practice gear packs not deposited. (See Summary of Charges, page 7)

Summary of Receipts Not Deposited

The schedule below summarizes the receipts not deposited as discussed in the above paragraphs.

Golf Sponsorships	\$ 2,250
Golf Outing Proceeds	1,200
Practice Gear Packs	<u>250</u>
Total Receipts Not Deposited	<u><u>\$ 3,700</u></u>

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs, in the amount of \$4,793.46 due to the special investigation of Kankakee Valley High School.

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY 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.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-curricular Accounts, Chapter 7)

We requested that Thompson reimburse the State of Indiana for special investigation costs in the amount of \$4,793.46. (See Summary of Charges, page 7)

EMPLOYEE DISHONESTY INSURANCE

The School Corporation, of which Kankakee High School is a portion, has an insurance policy which protects them from employee theft. The School Corporation's policy covered the period of January 1, 2018 to January 1, 2019 in the amount of \$1,000,000.

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2018, with Dr. Aaron Case, Superintendent of Schools; Dr. Edward Habrowski, President of the School Board; and Carol Deardorff, Chief Financial Officer.

On October 20, 2018, a certified letter was mailed to Derek Thompson extending an invitation to meet with us to discuss our findings. Derek Thompson declined to meet with us.

KANKAKEE VALLEY HIGH SCHOOL FOOTBALL PROGRAM
KANKAKEE VALLEY SCHOOL CORPORATION
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Derek Thompson, Football Coach			
Receipts Not Deposited, pages 3 and 4	\$ 3,700.00	\$ -	\$ 3,700.00
Special Investigation Costs, pages 4 and 5	<u>4,793.46</u>	<u>-</u>	<u>4,793.46</u>
 Totals	 <u>\$ 8,493.46</u>	 <u>\$ -</u>	 <u>\$ 8,493.46</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)
)
 MARION COUNTY)

I, Kristin Campbell, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Kankakee Valley School Corporation, Jasper County, Indiana, for the period from January 1, 2018 to June 30, 2018, is true and correct to the best of my knowledge and belief.

Kristin Campbell
Field Examiner

Subscribed and sworn to before me this 5TH day of DECEMBER, 2018.

Juanita M. Hendrickson
Notary Public

My Commission Expires: 10-19-23

County of Residence: HENDRICKS

