

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

SPECIAL INVESTIGATION REPORT
OF

CALUMET NEW TECH HIGH SCHOOL
CHEERLEADING PROGRAM
LAKE RIDGE SCHOOLS
LAKE COUNTY, INDIANA

July 1, 2019 to October 16, 2019



FILED
07/07/2020

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LAKE RIDGE SCHOOLS, LAKE COUNTY, INDIANA

This is a special investigation report for Calumet New Tech High School Cheerleading Program, an extracurricular account of the Lake Ridge Schools (School Corporation), for the period July 1, 2019 to October 16, 2019, 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 cheerleading program at Calumet New Tech High 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

March 31, 2020

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
LAKE RIDGE SCHOOLS
RESULTS AND COMMENTS

BACKGROUND

On June 11, 2018, Tamika Garner (Garner) was designated by the School Corporation to be the Calumet New Tech High School (High School) head cheerleading coach. Garner served as the head cheerleading coach at the High School for fiscal years 2018-2019 and 2019-2020. In addition to coaching duties, Garner was responsible for the collection of cheerleading fees that were assessed to each cheerleading participant, and sponsoring several fundraising activities (i.e., car wash, sale of logo t-shirts). Cheerleading fees and fundraising revenues were to be used to offset the cost of the cheerleading program.

School Corporation officials conducted an internal investigation of the cheerleading account and determined that approximately \$1,502 was not deposited into the cheerleading extracurricular account for cheerleading fees and a fundraiser.

Garner was terminated on October 16, 2019.

The School Corporation notified the Indiana State Board of Accounts of the misappropriated funds on October 22, 2019. The Indiana State Board of Accounts examined the records and the accounting for collections to determine if any additional monies were not deposited by Garner. The following describes the results of the investigation conducted by the Indiana State Board of Accounts.

RECEIPTS NOT DEPOSITED

Cheerleading Fees

We compared cheerleading receipts issued by Garner to the High School receipts and bank deposits for fiscal year 2019-2020. The cheerleading receipts issued by Garner totaled \$5,388.79. The collections deposited totaled \$3,945.15, resulting in \$1,443.64 cash collections not deposited.

Garner completed "Individual Profile" forms for each cheerleader. These forms included a payment history section which listed the date, payment method, purpose, amount paid, and balance due. We reviewed the individual profile forms and determined Garner's daughter was a cheerleader. The payment history for Garner's daughter indicated a cash payment for her cheer balance of \$240.82. Neither a receipt, nor a deposit was found for the \$240.82 cash payment noted by Garner on her daughter's account.

Cheerleading Donation

A donation of \$50 was made on behalf of a cheerleader via electronic transfer of funds to an online account. This donation was not recorded in the cheerleading records, and a corresponding deposit was not made to the High School bank account.

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 Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee 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 Garner to reimburse the cheerleading extracurricular account \$1,734.46 for receipts not deposited. (See Summary of Charges, page 9)

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
LAKE RIDGE SCHOOLS
RESULTS AND COMMENTS
(Continued)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs in the amount of \$1,580.05 due to the special investigation of the High School.

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 Garner to reimburse the State of Indiana for special investigation costs in the amount of \$1,508.05. (See Summary of Charges, page 9)

EMPLOYEE DISHONESTY INSURANCE

The School Corporation, which includes the High School, had an insurance policy that protects them from employee theft. The School Corporation's policy covered the period of July 1, 2019 to July 1, 2020, in the amount of \$100,000.

FUNDRAISERS AND DEPOSITS

Coaches and sponsors of the High School were given procedures for the use of extracurricular (ECA) funds for each school year. Garner signed "Procedure for Fundraising Document," "Procedure to Deposit into Extra Curricular Account," and "Procedure for Purchasing Items from ECA Funds." The "Procedure for Fundraising Document" stated in part:

- "1. Get a fundraising form from the main office or the athletic office. Completely fill out and return to the office secretary (front office).
2. You may not start your fundraising until it has been approved by Principal or the Athletic Director. After this, your fundraiser must be School Board approved. You may not begin until School Board has approved. . . .
4. You have 2 business days after your fundraiser is complete to turn in all funds collected to the ECA Treasurer . . ."

Car Wash

Coaches and sponsors were required to use a "Request for Fundraiser" form; however, the "Request for Fundraiser" form was not completed for the cheerleading car washes held on July 13, 2019, and July 27, 2019.

The car wash collections were not receipted or deposited until August 23, 2019, which was 27 days after the fundraiser was completed.

The car wash collections were not deposited intact. The collections deposited were in the form of two money orders which were purchased by Garner.

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
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RESULTS AND COMMENTS
(Continued)

Cheer Fees

Receipts for cheer fees were dated from August 23, 2019 through September 6, 2019. The collections were not receipted and deposited until October 8, 2019, and October 14, 2019, respectively, which was 39 and 45 days after receipts were written that totaled in excess of \$500.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Units which conduct fund raising events must 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 Indiana Public School Corporations, Chapter 1)

Indiana Code 5-13-6-1 states in part:

"... (c) Except as provided in subsections (d) and (g), 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. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received. . . .

(g) The following are not required to deposit funds on the business day following receipt if funds on hand do not exceed five hundred dollars (\$500): . . .

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee. . . ."

RECEIPT ISSUANCE

Garner issued receipts which were not prescribed or approved forms. Receipts were not issued for collections received for donation or t-shirts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PURCHASING BONUSES

In June 2019, the School Corporation received an invoice for spirit towels totaling \$2,641.41 for the cheerleading program. Per the invoice, Garner received two t-shirts and one tablet as purchase premiums or bonuses. High School officials did not locate the tablet.

The tablet was valued at \$59.99.

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
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Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the unit becomes the property of the unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECORD RETENTION

There were 15 out of 42 receipts (36 percent) issued by Garner that were not retained for audit.

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS

The internal control system was deficient in addressing monitoring of compliance with fundraising activities. No one was ensuring fundraising forms were completed for all fundraising activities, and that collections were remitted and deposited within the timelines established by policy and in accordance with Indiana Code. Furthermore, controls were not established to ensure proper receipts were used for fundraiser collections and that all receipts were accounted for in the records.

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.

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
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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. . . ."

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
LAKE RIDGE SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2020, with Dr. Sharon Johnson-Shirley, Superintendent of Schools; Glenn Johnson, President of the School Board; and Laura Hubinger, Business Manager.

CALUMET NEW TECH HIGH SCHOOL CHEERLEADING PROGRAM
 LAKE RIDGE SCHOOLS
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Tamika Garner, former Head Cheerleading Coach:			
Receipts Not Deposited, page 3	\$ 1,734.46	\$ -	\$ 1,734.46
Special Investigation Costs, page 4	1,580.05	-	1,580.05
Totals	\$ 3,314.51	\$ -	\$ 3,314.51

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)
PORTER COUNTY)

I, Kristin Campbell, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Calumet New Tech High School Cheerleading Program, Lake Ridge Schools, Lake County, Indiana, for the period from July 1, 2019 to October 16, 2019, is true and correct to the best of my knowledge and belief.

Kristin Campbell
Field Examiner

Subscribed and sworn to before me this 3RD day of JUNE, 2020.

Kathryn A. Hoop
Notary Public

My Commission Expires: January 24, 2026
County of Residence: PORTER

