

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

AUDIT REPORT
OF
NORTH PUTNAM COMMUNITY SCHOOLS
PUTNAM COUNTY, INDIANA
July 1, 2004 to June 30, 2013



FILED
09/25/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya J. Pearson	07-01-04 to 06-30-14
Superintendent of Schools	Murray F. Pride Dr. Mary Sugg Lovejoy Daniel A. Noel	07-01-04 to 06-30-09 07-01-09 to 06-30-12 07-01-12 to 06-30-18
President of the School Board	Dale A. McGaughey Debra K. Sillery Andrew Beck Charlie Boller (Vacant) Debra K. Sillery John Hays Jill Summerlot	07-01-04 to 12-31-07 01-01-08 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 06-22-11 06-23-11 to 07-20-11 07-21-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14
North Putnam Middle School Extra-Curricular Treasurer	Kara Smith Jennifer Nelson	07-01-04 to 07-31-12 08-01-12 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NORTH PUTNAM COMMUNITY SCHOOLS

We have audited the records of the North Putnam Community Schools for the period from July 1, 2004 to June 30, 2013, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments.

STATE BOARD OF ACCOUNTS

February 26, 2014

NORTH PUTNAM COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

FINANCE CHARGES AND LATE PAYMENT FEES (Applies to North Putnam Middle School)

Beginning in July 2004, finance charges and late payment fees were added to the North Putnam Middle School's Sam's Club credit card account for late payments. The Middle School closed its Sam's Club credit card in March of 2010. At the time it was closed, the balance was not paid off. Finance charges and late payment fees continued to be added until the account was paid off in January 2013. It is the School Corporation's policy to pay credit card bills in full when the statement is received; however, Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer, did not comply with the policy. Therefore, the Middle School incurred and paid \$7,097.08 in finance charges and late payment fees to Sam's Club for not remitting payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer, was requested to reimburse North Putnam Middle School \$7,097.08 for finance charges and late payment fees. (See Summary of Charges, page 7)

INTERNAL CONTROLS OVER SIGNATURE STAMP (Applies to North Putnam Middle School)

It appeared that more than one signature stamp for the Principal of the North Putnam Middle School was used. The stamp was not placed in a secure location and the Principal allowed others to use the stamps. This negated the control necessary at the Extra-Curricular Account (ECA) level where the Board was depending on the administration of the schools to monitor the ECA spending.

NORTH PUTNAM COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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)

OFFICIAL BONDS (Applies to North Putnam Middle School)

Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer, had the following bonds on file in the County Recorder's Office for her term:

Company	Term	Amount
Liberty Mutual Insurance Company	07-01-04 to 06-30-05	\$ 20,000
Liberty Mutual Insurance Company	07-01-05 to 07-01-06	20,000
Liberty Mutual Insurance Company	07-01-06 to 07-01-07	20,000
Liberty Mutual Insurance Company	07-01-07 to 07-01-08	20,000
Liberty Mutual Insurance Company	07-01-08 to 07-01-09	20,000
Liberty Mutual Insurance Company	07-01-09 to 07-01-10	20,000
Liberty Mutual Insurance Company	07-01-10 to 07-01-11	20,000
Liberty Mutual Insurance Company	07-01-11 continuous	20,000
Bond discontinued	Effective 08-01-12	

NORTH PUTNAM COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2014, with Daniel A. Noel, Superintendent of Schools, and Tanya J. Pearson, Treasurer. The officials concurred with our audit findings.

The contents of this report were discussed on March 12, 2014, with Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer. The official concurred with our audit findings.

NORTH PUTNAM COMMUNITY SCHOOLS
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kara Smith, former North Putman Middle School Extra-Curricular Treasurer:			
Finance Charges and Late Payment Fees, page 4	<u>\$ 7,097.08</u>	<u>\$ -</u>	<u>\$ 7,097.08</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)
 Vigo)
 COUNTY)

I, Gina Gambaiani, Field Supervisor, being duly sworn on my oath, state that the foregoing report based on the official records of the North Putnam Community Schools, Putnam County, Indiana, for the period from July 1, 2004 to June 30, 2013, is true and correct to the best of my knowledge and belief.

Gina Gambaiani
Field Supervisor

Subscribed and sworn to before me this 1st day of July, 2014.

Michelle L Edwards
Notary Public
Michelle L Edwards

My Commission Expires: September 13, 2020

County of Residence: VIGO