



**WHEELERSBURG LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SPECIAL AUDIT**

**FOR THE PERIOD JULY 1, 2003 THROUGH JUNE 30, 2007**



**Mary Taylor, CPA**  
Auditor of State



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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mark Knapp, Superintendent  
George Grice, Treasurer  
Donna Cunningham, Board President  
Wheelersburg Local School District  
620 Center Street  
PO Box 340  
Wheelersburg, OH 45694

We conducted a special audit of the Wheelersburg Local School District ("the District") Latchkey Program, by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period July 1, 2003 through June 30, 2007 (the Period), solely to:

- Determine whether Latchkey receipts were deposited intact to a District bank account.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined Latchkey receipts and compared amounts documented as being received to the amounts deposited as documented on the District's bank records.

Significant Results – The District issued receipts for the Latchkey program totaling \$152,867 and made deposits of \$121,251, leaving a discrepancy of \$31,616. Latchkey cash payments were sometimes used for program expenditures. The available receipts documented program related expenditures totaling \$749, leaving a shortage of \$30,867.

We issued a Finding for Recovery against Dana Jones, Latchkey Program Coordinator, in the amount of \$30,867, and in favor of the District. We also issued two noncompliance citations related to destruction of records and untimely deposits. Three recommendations were made to help improve internal controls over receipt books, the deposit log sheet, and the use of program receipts.

2. On May 22, 2008, we held an exit conference with the following individuals representing the District:

Donna Cunningham, President  
Mark Knapp, Superintendent  
George Grice, Treasurer

The attendees were informed that they had an opportunity to respond to this special audit report. A response was received on June 24, 2008. The response was evaluated and changes were made to this report as we deemed necessary.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

**Mary Taylor, CPA**  
Auditor of State

December 31, 2007

## Supplement to the Special Audit Report

### Background

On October 3, 2007, Wheelersburg LSD Superintendent Mark Knapp and Treasurer George Grice telephoned the Auditor of State's Fraud Hotline regarding a shortage of funds in the Latchkey program. One teacher, serving as the Latchkey Coordinator, and three aides operated the Latchkey program which included receiving payments from parents. After being notified by one of the Latchkey aides that program funds may have been misappropriated, the Superintendent and Treasurer reviewed records for August 2006 through May 2007 and discovered that receipts did not match deposits, noting a discrepancy of \$8,764. The Latchkey Coordinator, Dana Jones, operated the Latchkey program for approximately nine years.

On October 10, 2007, District officials placed Ms. Jones on administrative leave.

On October 12, 2007, the Auditor of State initiated a special audit of the Wheelersburg LSD Latchkey program.

## Supplement to the Special Audit Report

### Issue No. 1 – Latchkey Program Receipts

#### PROCEDURES

Using duplicate receipt books supplied by the District, we examined and summarized all receipts issued during the Period. We compared the totals from the receipt books to valid District bank deposits and reported any discrepancies.

#### RESULTS

During the Period, the District issued receipts for the Latchkey program totaling \$152,867 and made deposits of \$121,251. The following table illustrates the receipts for each school year:

	2003 – 2004	2004 – 2005	2005 – 2006	2006 – 2007	Total
Amount Received	\$23,272	\$41,151	\$45,142	\$43,302	\$152,867
Amount Deposited	(19,006)	(33,865)	(33,892)	(34,488)	(121,251)
Less: Expenditures	(117)	(103)	(311)	(218)	(749)
Shortage	\$4,149	\$7,183	\$10,939	\$8,596	\$30,867

#### FINDING FOR RECOVERY

##### LATCHKEY RECEIPTS

As Latchkey Coordinator, Dana Jones was responsible for the receipt and deposit of program revenues. Of \$152,867 Latchkey receipts issued during the Period, only \$121,251 was deposited into the District's bank account.

Latchkey cash receipts were sometimes used for program expenditures such as DVD's, printer cartridges, and a DVD/VCR player. Available receipts documented valid expenditures of \$749, resulting in an overall shortage of Latchkey program revenue of \$30,867.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Dana Jones, in the amount of \$30,867, and against her bonding companies Marsh USA in the amount of \$11,331, and Hylant Administrative Services LLC in the amount of \$19,536, and in favor of the District.

#### NONCOMPLIANCE CITATIONS

##### DESTRUCTION OF RECORDS - VOIDED AND/OR MISSING RECEIPTS

Ohio Rev. Code Section 149.351 requires that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by Ohio Rev. Code Sections 149.38 through 149.42.

During the Period, there were 24 instances where the duplicate receipts were marked "VOID" and the original receipts were not maintained with the duplicate copy. There were also 20 instances where the entire receipt, the original and the duplicate, had been removed from the receipt book.

## **Supplement to the Special Audit Report**

We recommend that all Latchkey receipts marked "VOID" be maintained in the original receipt book with both copies of the duplicate receipt attached. We also recommend the person issuing the void add an explanation for the void and have another employee review and initial the receipt as evidence of that review. For all issued receipts, the duplicate copy should be maintained and the original given to the payee. Only the original receipt should be removed from the receipt book.

These procedures will strengthen the completeness controls over the Latchkey program receipts and reduce the risk that receipts will be inappropriately voided and cash misappropriated.

### **TIMELY DEPOSITING**

Ohio Rev. Code Section 9.38 indicates that monies should be deposited with the School District Treasurer or designated depository within 24 hours of collection and requires that monies be deposited on the next business day if the daily receipt amounts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

During the Period, 26 of 175 Latchkey receipts were deposited with the Treasurer or designated depository for a period ranging between 4 to 7 days after the initial receipt of the money. Delays of this nature could allow the District's daily receipts to be lost, misplaced, or become susceptible to theft or misappropriation without being detected in a timely manner. The District should implement procedures to comply with Ohio Rev. Code Section 9.38 relative to depositing Latchkey receipts timely.

### **MANAGEMENT COMMENTS**

#### **BLANK RECEIPTS**

While reviewing the duplicate receipt books, we noted 13 instances where the entire receipt was left blank and many instances throughout the Period where portions of the receipts were blank, especially the payment type and the initials of the person who prepared the receipt.

Failure to document all information, including, but not limited to the amount, payment type, and the receiver's initials on each receipt, increases the likelihood that errors or theft may occur and go undetected.

We recommend the pre-numbered duplicate receipts be used in sequential order, and all receipts be completed entirely and legibly. Each receipt should include the relevant information such as date, student's name, purpose, amount, tender, balance due, and preparer. We also recommend the District post a sign notifying parents to request a completed receipt for each payment. These procedures will strengthen the accountability and completeness controls over the Latchkey program receipts and reduce the risk that receipts will be misappropriated.

#### **LATCHKEY DEPOSIT LOG SHEET**

The District implemented a Latchkey Deposit Log sheet beginning in the 2006-2007 school year. The purpose of this log form was to improve accountability of Latchkey fees by comparing it to the duplicate receipts. The log was designed to include all of the same information recorded on the duplicate receipt: the payee's name, date, amount paid, and whether the payment was in the form of cash or a check. If a check was used, there was a column in which to add the check number.

The Latchkey Deposit Log sheet was completed simultaneously with the duplicate receipt.

## Supplement to the Special Audit Report

While the theory behind the Latchkey Deposit Log was sound, by having the aides complete it at the same time as the duplicate receipt, and with the same information, there are no additional controls being implemented. If an aide chooses not to provide a receipt to a payee, then he or she could also not complete the log and the funds could be misappropriated. Alternatively, an aide may issue a duplicate receipt with the intent to complete the log at a later time, and in the meantime the duplicate receipt could be marked "void" with the funds being misappropriated, and there would be no record in the Latchkey Deposit Log.

Rather than use a Latchkey Deposit Log form which simply reiterates the information already contained on the duplicate receipt, we recommend the District assign one aide the responsibility of reconciling the cash drawer each night. This duty could be rotated among the staff of the Latchkey program; however, the person responsible for reconciling the cash drawer on any given day should not collect funds or issue any receipts that day.

### LATCHKEY PROGRAM EXPENDITURE POLICY

Latchkey cash receipts were sometimes used for program expenditures. Doing so provides inaccurate information for budgeting and financial statement purposes related to the program's receipts and disbursements, and may increase the risk of misappropriation.

We recommend the District establish a policy that daily cash receipts are not to be used for miscellaneous program expenses without the receipts being deposited first. The policy should be distributed to the Latchkey employees.

If the District decides a petty cash account is necessary for the Latchkey program, then a separate petty cash account should be established. Latchkey cash receipts collected should not be used for program expenses and should be deposited in their entirety.

If the District determines there is a need for a Latchkey petty cash account, then the District should create a formal written policy outlining the petty cash process and allowable expenditures and uses for petty cash funds. The petty cash policy and procedures should include:

- A specified amount of money to be placed in the account by the Treasurer.
- Designated authorized District officials or employees who may draw money from the account.
- Examples of purchases for which petty cash can be used.
- Limits on the amounts which may be spent for petty cash expenditures.
- Guidelines for required supporting documentation to be maintained for purchases.
- An established procedure for replenishing the account.

### TREASURER MONITORING

During the Period, the Latchkey Coordinator prepared the bank deposit slips and made the deposits into the District's general checking account. On the day following the deposit, the Treasurer received a copy of the deposit ticket. The Latchkey Coordinator was never required to report the number of students enrolled in the program, nor the attendance records of those students, to anyone in the District. Additionally, there was never any comparison of the duplicate receipts issued to the amount of funds deposited.

By not requiring documentation of attendance as well as a periodic review of the duplicate receipts, there was no oversight to ensure the total funds collected were deposited intact to a District account. Instead, the Treasurer relied exclusively on the Coordinator, believing that she was depositing all funds received. Because many parents paid fees with cash, those funds are much more susceptible to theft and require additional controls be in place.

We recommend the Treasurer take a more active role in monitoring the Latchkey program revenues. At a minimum, the Treasurer or his designee should periodically review the attendance records as compared to the deposited receipts and determine if the amounts appear reasonable. Also, on a periodic basis, the Treasurer should conduct an internal audit by comparing the duplicate receipts for a given time to the corresponding deposits to ensure funds are being deposited intact.



**Mary Taylor, CPA**  
Auditor of State

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 3, 2009**