

MOBILE ELEMENTARY SCHOOL DISTRICT NO. 86
Report on Special Investigation
For the Period January 1995
through February 2000



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

November 27, 2000

Members of the Legislature

The Honorable Janet Napolitano
Office of the Attorney General

Governing Board
Mobile Elementary School District No. 86

We have conducted a limited investigation of the alleged misuse and theft of public money during the period of January 1995 through February 2000 at Mobile Elementary School District No. 86. The purpose of our investigation was to determine the amount of money, if any, misappropriated during that period and whether the District's internal controls over disbursements were adequate to prevent their misappropriation.

Subsequent to the completion of our investigation, a criminal complaint was filed against former Board member Julious Coleman by the Attorney General on one count of theft and misuse of public monies (A.R.S. §13-1802 and A.R.S. §35-301).

Our limited investigation consisted primarily of making inquiries and the examination of selected records and other documentation. Therefore, our investigation was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on the adequacy of the financial records or the internal controls of Mobile Elementary School District No. 86. We also do not ensure that all matters involving the District's internal controls that might be material weaknesses under standards established by the American Institute of Certified Public Accountants or other conditions that may require correction or improvement have been disclosed.

Our findings and recommendations as a result of our limited investigation are set forth below.

Background

The State of Arizona provides educational opportunities for children through a public school system organized by local districts. Each district has a governing board elected by the district's voters and is accountable to the local community for the quality of education provided. In addition, districts are fiscally accountable to Arizona taxpayers for the appropriate expenditures of state and local monies. Mobile Elementary School District

No. 86 received state revenue of \$74,253 for fiscal year 1999-2000 based on a student count of 22 and local property taxes of \$335,065.

The foundation of the District's financial accountability is effective internal control. The Uniform System of Financial Records (USFR) was developed jointly by our Office and the Arizona Department of Education to provide the required policies and procedures districts need to maintain effective internal control. In addition to a legal obligation to comply with these policies and procedures, the District should follow them as a matter of good business practice.

Summary

Our investigation revealed that from January 1995 through February 2000, Julious Coleman, former Mobile Elementary School District Governing Board Member, personally misused \$2,322 of the District's resources. This amount includes the unlawful use of District resources for personal travel expenses, as well as personal use of a District cellular phone. Mr. Coleman reimbursed the District for the entire amount subsequent to Auditor General staff informing the District business manager of the misuse.

Misuse of Public Money for Personal Trips

During the period January 1995 through December 1999, Mr. Coleman used the District's resources for personal expenditures of \$1,749 on six travel excursions. These expenditures included the following:

- Three airline tickets and related travel agency service fees for his wife to accompany him on out-of-state educational conferences for a total of \$975.
- Food and beverage charges of \$162 on a District credit card, despite receiving per diem amounts of \$366 in advance for such charges.
- Video and rental charges of \$64.
- An airline ticket for a personal trip to Detroit, Michigan, totaling \$548.

Misuse of District Cellular Phone

During the period May 1999 through February 2000, Mr. Coleman misused a District cellular phone for personal purposes. The District paid for a calling plan that provided 300 "free" minutes, however, Mr. Coleman consistently used District minutes for personal use. Further, Mr. Coleman unlawfully used \$573 of additional airtime and long-distance call charges.

Recommendations

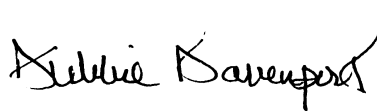
To help ensure proper control over public monies and compliance with the USFR, the District should establish written policies and procedures addressing the personal use of

District assets. In particular, these policies should state that District resources are only to be used for District business. In addition, the policies should specify purposes for which cellular phones and credit cards may be used, dollar limits for credit card charges, and require an effective accounting system to account for and control the cards.

This letter is intended for the information of Mobile Elementary School District No. 86. However, this letter is a matter of public record and its distribution is not limited.

Should you have any questions concerning this letter, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Debbie Davenport". The signature is written in a cursive style with a large, sweeping initial "D".

Debbie Davenport
Auditor General

cc: Michael C. Cudahy
Criminal Division Chief, Attorney General's Office