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March 10, 2017

Charter School Board
Irvington Community Schools, Inc.
5751 E. University Ave
Indianapolis, IN 46219

We have reviewed the Supplemental Audit Report prepared by Sikich LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 through 5 contain four audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Irvington Community Schools, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
IRVINGTON COMMUNITY SCHOOLS, INC.
MARION COUNTY, INDIANA
JULY 1, 2015 TO JUNE 30, 2016



IRVINGTON COMMUNITY SCHOOLS, INC.
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IRVINGTON COMMUNITY SCHOOLS, INC.

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
CFO	David Nidiffer	03-01-11 to 12-31-15
	Harold Allen	07-01-16 to current
Treasurer of the Board	Chris Welty	07-01-15 to current
CEO	David Nidiffer	10-19-10 to 12-31-15
	Tim Mulherin	01-01-16 to current
Chair of the Board	Jeff Lozer	07-01-11 to 02-28-16
	Geoffery Slaughter (interim)	03-01-16 to 06-30-16
	Stephanie Kelly (interim)	07-01-16 to current



8555 N. River Rd., Suite 300
Indianapolis, Indiana 46240

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Irvington Community School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of Irvington Community School, Inc. which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2017.

In connection with our audit, we noted that Irvington Community School, Inc. failed to comply with the Proper Bonding, Receipts and Deposits, Disbursements, and Credit Card Disbursement testing provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* as outlined in the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts.

Our audit was not directed primarily toward obtaining knowledge as to whether Irvington Community School, Inc. failed to comply with the terms of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of Irvington Community School, Inc. and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Sikich LLP
January 9, 2017

IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY

AUDIT RESULTS AND COMMENTS

PROPER BONDING

The School did not have the proper bonding or insurance policy for those employees who were responsible for handling cash receipts and disbursements.

Employees who are responsible for handling a majority of the cash, receipts, and disbursements for the School must have either a cash bond or an insurance policy on their behalf that protects the charter school.

The cash bond or insurance policy shall represent an average amount of cash or receipts on hand during the fiscal year.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

RECEIPTS AND DEPOSITS

We selected a total of forty transactions for receipt testing and noted the following:

- There were seventeen instances that the School was unable to provide support for the transaction.
- There were eight instances that no documentation was retained that indicated a receipt was issued at the time of the transaction.
- Deposits were not made in a timely manner for eight transactions tested.
- Incorrect classification on the receipts compared to the actual type of cash receipt was noted in sixteen instances.
- There were four instances that the School was unable to provide support for the fees charged.

All charter school money must be deposited in the designated depository no later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions.

Fees shall only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions.

Sources and uses of funds shall be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8 and 10)

IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY

AUDIT RESULTS AND COMMENTS

DISBURSEMENTS

A total of forty transactions were selected for disbursement testing. Of the forty, the School was unable to provide support other than the bank statement for twenty-one transactions. In addition, ten transactions were missing evidence of an approval of payment.

The charter school must establish procedures for the initiation, approval, and use of purchase requisitions and purchase orders. The procedures must include limits on approval of purchase orders after the purchase to emergency situations and all blanket purchases must have a fixed monetary limit. Upon receipt of the goods or services a charter school employee must verify the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract. Supporting documentation, such as invoices, shall be compared to purchase orders to ensure the prices, quantities, etc. are correct prior to payment.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: Charter schools may not draw a warrant or check for payment of a claim unless; (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim.

All claims, invoices, receipts, and accounts payable vouchers shall contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible employee or other person for whom the claim is made.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8, Part 2, and Part 10)

IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY

AUDIT RESULTS AND COMMENTS

CREDIT CARD DISBURSEMENTS AND PENALTIES, INTEREST AND OTHER CHARGES

The School was unable to provide the receipts supporting the transactions for all credit card transactions that were sampled. In addition, from the sample tested, we noted \$364.01 of interest and penalties charged to the School.

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 10)

IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY

EXIT CONFERENCE

The contents of this report were discussed on January 6, 2017 with Harold Allen, Chief Financial Officer, and Geoffrey Cherry, Consultant, and Brian Kates, Consultant. The officials concurred with our audit findings.