



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B42242

STATE BOARD OF ACCOUNTS
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May 21, 2013

Charter School Board
Neighbors' Educational Opportunities, Inc.
5391 Central Avenue
Portage, IN 46368

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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. Page 3 contains two audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Neighbors' Educational Opportunities, 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.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT

OF

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

July 1, 2011 to June 30, 2012

Fitzgerald | Isaac LLC
Certified Public Accountants

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

Table of Contents

| | <u>Page</u> |
|-----------------------------|-------------|
| School Officials..... | 1 |
| Transmittal Letter..... | 2 |
| Audit Results and Comments: | |
| Travel Claims..... | 3 |
| Vendor Disbursements..... | 3 |
| Exit Conference..... | 4 |
| Official Response..... | 5 |

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

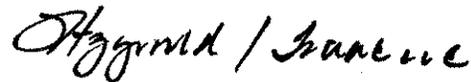
School Officials

Year Ended June 30, 2012

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------------------|------------------|---------------------|
| President of Board of Directors | Sharon Mortensen | 07/01/11 – 06/30/12 |
| Principal | Donald J. Knotts | 07/01/11 – 06/30/12 |
| Executive Director | Rebecca Reiner | 07/01/11 – 06/30/12 |

The Board of Directors
Neighbors' Educational Opportunities, Inc.

We have audited the financial statements of **Neighbors' Educational Opportunities, Inc.** (the "School") as of and for the year ended June 30, 2012 and have issued our report thereon dated April 15, 2013. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.



Indianapolis, IN
April 15, 2013

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

TRAVEL CLAIMS

The School utilizes a standard form for reimbursement of travel expense; however, it has not adopted a formal written travel policy with regard to such matters as approval to attend meetings and conferences, procedures for reimbursement, and reimbursement rates.

Each charter school shall adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

VENDOR DISBURSEMENTS

In our sample of forty-three vendor disbursements, we noted no instances where the Accounts Payable Voucher contained an indication of the fund number, expenditure account, account number, or object code. A full and complete account code is necessary to assure proper classification of the expenditure.

A fund, as used in the manual, represents money set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

In addition to the accounting procedures discussed previously each expenditure transaction must be identified by Object as described in Part VII so that the amounts for each object may be summarized on an annual basis for a school year or for a budget year as desired or needed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 5).

Official 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 Indiana Charter Schools, Part 10)

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on May 2, 2013, with Rebecca Reiner (Executive Director) and Sharon Mortensen (Board President). The Official Response has been made a part of this report and may be found on page 5.



Neighbors' Educational Opportunities, Inc.

Rebecca Reiner, *Executive Director*

5391 Central Avenue
Portage, Indiana 46368
Phone: (219) 850-4448
FAX : (219) 850-4445

May 2, 2013

Fitzgerald / Isaac LLC
9245 N. Meridian Street, Suite 302
Indianapolis, IN 46420

Official Response to Audit Results and Comments for Year Ending June 30, 2012 for Neighbors' Educational Opportunities, Inc. (NEO)

Travel Claims

The NEO Board of Directors has adopted a Travel Payment and Reimbursement Policy (#6550 - Attached). The Board agreed to reimburse employees at the current Indiana State mileage reimbursement rate of 44 cents per mile. NEO has drafted administrative guidelines and forms in support of this policy. NEO is using a prescribed State Board of Accounts (SBOA) Mileage Reimbursement Form.

The Draft of the Travel Claims Administrative Guidelines is on the next page. These will be presented to the NEO Board for approval prior to the start of the 2013 -2014 School Year.

Vendor Disbursements

NEO has adopted SBOA Accounts Payable Voucher Forms and are recording fund number, expenditure account, account number, or object code on these forms. NEO currently is primarily using the following Fund Codes:

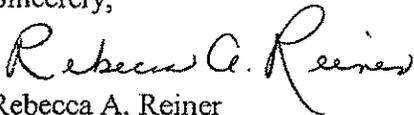
- 0100 – General Fund
- 3201 – Adult Education – State 2012/2013
- 4110 – PL 107 – 110 – ECIA Title I
- 5501 – Adult Education – Federal 2012/2013
- 6610 – Planning Grant
- 6611 – Implementation Grant

Beginning in July 1, 2013, we will ensure that all funds are properly identified and tracked.

All expenditure transactions will also be identified by fund, account, and object code and entered into NEO's accounting software as such.

NEO's business manager and executive director will review all forms currently in use and adopt SBOA prescribed or approved forms in the prescribed manner.

Sincerely,


Rebecca A. Reiner

policy

**BOARD OF DIRECTORS
NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**

FINANCES
6550/page 1 of 1

TRAVEL PAYMENT AND REIMBURSEMENT

Travel expenses incurred for official business travel on behalf of the Corporation shall be limited to those expenses necessarily incurred by the employee in the performance of a public purpose authorized, in advance, in accordance with administrative guidelines.

Payment and reimbursement rates for per diem, meals, lodging, and mileage shall be established by the Corporation and approved by the Board annually. Employees are expected to exercise the same care incurring travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Unauthorized costs and additional expenses incurred for personal preference or convenience will not be reimbursed.

Unauthorized expenses include but are not limited to alcohol, movies, fines for traffic violations, and the entertainment/meals/lodging of spouses or guests.

All travel shall comply with the travel procedures and rates established in the administrative guidelines.

© NEOLA 2011

© NEOLA 2011

Neighbors' Educational Opportunities, Inc.

TRAVEL CLAIMS ADMINISTRATIVE GUIDELINES

DRAFT – PENDING BOARD REVIEW AND APPROVAL

Employees of Neighbors' Educational Opportunities, Inc. will complete a Travel Expense Request Form in advance of attending an event for which reimbursement for travel expenses are expected.

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.

Neighbors' Educational Opportunities, Inc. will not reimburse mileage that includes travel to and from the employee's home and the charter school building in which he works.

Mileage claims must be completed using the approved mileage reimbursement form and be accompanied with proof of mileage.

Neighbors' Educational Opportunities, Inc. will use the approved Indiana state mileage rate of .44 per mile.

Reimbursement for lodging and meals must be based upon actual receipts for amounts paid, unless otherwise authorized by statute.

Neighbors' Educational Opportunities, Inc. is eligible for an exemption from the state sales tax on purchases. Therefore, a copy of the Sales Tax Exemption Certificate must be presented at the time a purchase is made to avoid paying sales tax. Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in approved travel status may include state sales tax. However, it should be kept in mind that claims for all such reimbursements must be supported by a fully itemized receipt showing date(s) of lodging, the name(s) of the person(s) occupying the room and the amount paid.



Neighbors' Educational Opportunities, Inc.

Neighbors' New Vistas High School
Neighbors' Portage Adult Education

Staff Absence & PD Expense Request Form

ALL COMPLETED FORMS SHOULD BE TURNED INTO THE REGISTRAR

If this is a *planned* absence, complete this form and present it the principal (high school) or to the executive director (adult education, child care, and administrative staff) a minimum of two days in advance of the absence for approval.

If this is an *unplanned* absence, please complete this form upon your return to school.

If absence is for attendance at a professional development event that involves a request for reimbursement or expenditure of funds, complete the bottom section of this form at least two weeks prior to the date of the event.

Absence Information

Employee Name: _____ Job Title: _____

Date Submitted: _____

Reason for Absence: Personal Paid Day(s) Off Unpaid Leave Professional Development

Date(s) of Absence: From _____ To _____

Is / Was a Substitute Teacher Needed? Yes No Name of Substitute _____

Employee Signature Date Signature (Director/Principal) Date

Reimbursement / Expenditure Request and Approval

Title of Conference, Meeting, or Event : _____

Location of Event: _____ Date(s) of Event: _____

Purpose of Attending: _____

Reimbursement / Expenditure Request

To be Completed by Employee

For Principal/Director Use Only

| | Approved Amount | Fund | Account |
|---|-----------------|-------|---------|
| Registration Fee: <input type="checkbox"/> Yes <input type="checkbox"/> No Amount: \$ _____ | \$ _____ | _____ | _____ |
| Mileage: <input type="checkbox"/> Yes <input type="checkbox"/> No Estimated Mileage: _____ | \$ _____ | _____ | _____ |
| Lodging: <input type="checkbox"/> Yes <input type="checkbox"/> No # Nights _____ Cost Per Night: \$ _____ | \$ _____ | _____ | _____ |
| Meals: <input type="checkbox"/> Yes <input type="checkbox"/> No #Meals _____ Cost Per Night: \$ _____ | \$ _____ | _____ | _____ |

Approved By: _____
Principal/Director's Signature

To be reimbursed for expenses, turn in a completed a Request for Reimbursement form and itemized receipts to the business manager. Only registration fees may be PREPAID by the school corporation.