



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43126

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January 13, 2014

Charter School Board  
Options Charter School – Carmel, Inc.  
350 West Carmel Drive  
Carmel, IN 46034

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. 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 4 contain two audit results and comments. Management's response is on pages 6 through 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Options Charter School – Carmel, 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  
**OPTIONS CHARTER SCHOOL - CARMEL, INC.**  
HAMILTON COUNTY, INDIANA  
JULY 1, 2012 to June 30, 2013

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

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OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Scott McIntyre	07/01/12 – 06/30/13
Director	Mike Gustin	07/01/12 – 06/30/13
Treasurer	Sherrie Bly	07/01/12 – 06/30/13

The Board of Directors  
Options Charter School – Carmel, Inc.

We have audited the financial statements of **Options Charter School – Carmel, Inc.** (the “School”) as of and for the year ended June 30, 2013 and have issued our report thereon dated December 2, 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  
December 2, 2013

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

RECEIPTS AND DEPOSITS

The School receives cash for various purposes, primarily student fees. Procedures were in place to process cash collections; however, we noted the following exception in our sample of 25 cash receipt transactions:

- In 17 instances, the bank deposit was not made in a timely manner. The delay ranged from 4 to 35 days between the date of collection and the date of deposit.
- In 20 instances, there was no evidence that a written receipt was provided to the individual making the payment.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment.

All charter school money must be deposited in the designated depository not 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Audit Results and Comments

VENDOR DISBURSEMENTS

We selected and examined a sample of 25 cash disbursement transactions from throughout the year. Within this sample we noted the following:

- In 11 instances, the accounts payable voucher was approved after the check was written.
- In 5 instances, the accounts payable voucher did not indicate a date of approval.
- In 5 instances, proper account coding was not present on the accounts payable voucher.

The Accounts Payable Voucher (Form 523)...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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2).

Compensation and any other payments for goods and services shall not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received shall be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

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).

Officials 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).

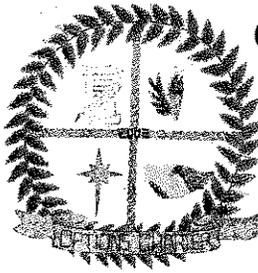
OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Exit Conference

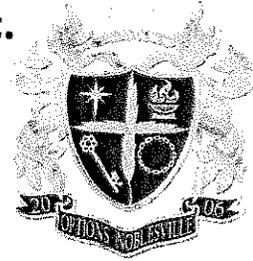
Year Ended June 30, 2013

The contents of this report were discussed on December 16, 2013 with Mike Gustin (Principal), Sherrie Bly (Treasurer), and Jamyce Curtis-Banks (Board Member). The Official Response has been made a part of this report and may be found on page 6.



## Options in Education Foundation, Inc.

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OPTIONS CHARTER SCHOOL – CARMEL  
Barbara Maschino, Principal 317-815-2098

OPTIONS CHARTER SCHOOLS  
Mike Gustin, President 317-773-8659

OPTIONS CHARTER SCHOOL- NOBLESVILLE  
Michelle Walden, Principal 317-773-8659

Date: December 19, 2013

To: Fitzgerald and Isaac

From: Mike Gustin, President

Reason: **Audit Response for Options Charter Schools- Carmel**

### Item 1: Receipts and Deposits

The School receives cash for various purposes, primarily student fees. Procedures were in place to process cash collections; however, we noted the following exception in our sample of 25 cash receipt transactions:

- In 17 instances, the bank deposit was not made in a timely manner. The delay ranged from 4 to 35 days between the date of collection and the date of deposit.
- In 20 instances, there was no evidence that a written receipt was provided to the individual making the payment.

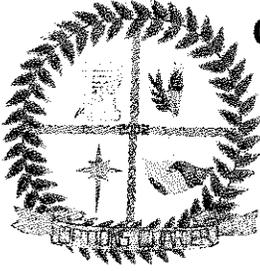
Options Charter Schools- Carmel does deposit cash collections multiple times each week. However, there have been instances where individual cash collections have sat for extended periods of time. Although there are extenuating circumstances for those issues Options Charter Schools does agree with the finding. Furthermore, a written policy regarding the timely deposit of cash collections has been written and implemented in accordance with the Accounting and Uniform Compliance Guidelines manual for Indiana Charter Schools, Part 8.

Options Charter Schools- Carmel does have a written policy that all cash collections include a written receipt to the person making the payment in accordance with the Accounting and Uniform Compliance Guidelines manual for Indiana Charter Schools, Part 8. This violation of Options Charter Schools-Carmel's written policy and the Accounting and Uniform Compliance Guidelines manual for Indiana Charter Schools, Part 8 has been addressed with the responsible parties.

### Item 2: Vendor Disbursements

We selected and examined a sample of 25 cash disbursement transactions from throughout the year. Within this sample we noted the following:

- In 11 instances, the accounts payable voucher was approved after the check was written.



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- In 5 instances, the accounts payable voucher did not indicate a date of approval.
- In 5 instances, proper account coding was not present on the accounts payable voucher.

This issue was addressed in the 2011-2012 year audit. Options Charter Schools- Carmel has fixed this issue as addressed in the 2011-2012 Audit Response Letter. However, because the 2011-2012 audit began in the spring of 2013 and did not finish until the summer of 2013, Options Charter Schools- Carmel was not aware of this error until the entire 2012-2103 fiscal cycle was over. Notwithstanding this difficult timing issue with the previous year's audit, all issues of the timing of approving vouchers, ensuring all vouchers are dated, and proper account coding on vouchers was immediately addressed and is now in accordance with the Accounting and Uniform Compliance Manual for Indiana Charter Schools, Part 10.

If further information or clarification is required, please feel free to contact me.

Sincerely,

Mike Gustin, President  
Options Charter Schools