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April 9, 2014

Charter School Board
Charter For Accelerated Learning, Inc.
3960 Meadows Drive
Indianapolis, IN 46205

We have reviewed the Indiana State Board of Accounts Compliance Report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. In our opinion, the Compliance 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 6 contain six audit results and comments. Management's response is on pages 3 through 6.

In addition to the report presented herein, Financial Statements and Independent Auditors' Report for Charles A. Tindley Accelerated School, Tindley Preparatory Academy, and Arlington High School were prepared in accordance with the guidelines established by the State Board of Accounts.

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

State Board of Accounts

INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
CHARTER FOR ACCELERATED LEARNING, INC.

MARION COUNTY, INDIANA
July 1, 2012 to June 30, 2013

CHARTER FOR ACCELERATED LEARNING, INC.

MARION COUNTY, INDIANA
July 1, 2012 to June 30, 2013

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CHARTER FOR ACCELERATED LEARNING, INC.
ORGANIZATION OFFICIALS
July 1, 2012 to June 30, 2013

Office	Official	Term
Chancellor and CEO	Marcus Robinson	July 1, 2012 to June 30, 2013
Chief Operating Officer	Evan Hawkins	July 1, 2012 to June 30, 2013
Charter Board President	Randall Lewis	July 1, 2011 to June 30, 2013

INDEPENDENT ACCOUNTANTS REPORT ON COMPLIANCE
WITH GUIDELINES FOR THE AUDITS OF CHARTER
SCHOOLS PERFORMED BY PRIVATE EXAMINERS

Board of Trustees
Charter for Accelerated Learning, Inc.
Indianapolis, Indiana

We have audited the financial statements of Charter for Accelerated Learning, Inc. ("Organization") as of and for the year ended June 30, 2013, and have issued our report thereon, dated March 28, 2014.

In connection with that audit and with our consideration of Organization's internal control as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* ("Guide"), issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the year ended June 30, 2013.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to the Organization. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the Organization's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings as items 13-04, 13-05, 13-06, 13-07, 13-08, and 13-09.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

The Organization's responses to the findings identified are described in the accompanying Schedule of Findings. The Organization's responses were not subjected to the procedures applied and, accordingly, we express no opinion on them.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
March 28, 2014

CHARTER FOR ACCELERATED LEARNING, INC.
SCHEDULE OF FINDINGS
July 1, 2012 to June 30, 2013

FINDING 13-04: MAINTENANCE OF CAPITAL ASSET INVENTORY (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 10 of the Indiana Charter School Manual states in part, “*All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.*”

Condition: The capital asset inventory (Form 369) is not maintained by a prescribed or approved form.

Recommendation: We recommend the Organization work with the Indiana State Board of Accounts (SBOA) to determine an appropriate Capital Assets Ledger to maintain the capital asset inventory. We also recommend the Organization perform an annual inventory count to ensure capital asset inventory is up-to-date and no assets are impaired. Further, capital asset purchases charged to federal grants should be properly identified on the capital asset inventory to include location, condition, and the percentage of federal participation in the cost.

Management Response: Agreed. The Organization will work with SBOA to determine an appropriate Capital Asset Ledger recording form. This form will be approved for use by the SBOA once an agreement is reached.

The Director of Operations will perform an annual capital inventory count to ensure assets are up to date and no assets have been impaired. Assets will be properly identified by location, condition and the percentage of federal participation in cost, if applicable. The inventory results will be reviewed by the COO and the results properly recorded in the financial statements. The capital asset inventory records will be maintained by the Director of Operations.

FINDING 13-05: REVIEW OF CREDIT CARD TRANSACTIONS (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 10 of the Indiana Charter School Manual states in part, “*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.*”

Condition: The Organization has a credit card policy in place which requires receipts to be provided to the School Treasurer in a timely manner. We selected five credit card transactions and payments noting receipts were not properly maintained to support four of those transactions totaling \$6,226.

Recommendation: We recommend management require the collection of all credit card receipts prior to credit card payments being approved. The receipts should be reviewed for appropriateness and reconciled to the credit card statement monthly. We recommend management document their review of credit card receipts. Any credit card purchases made by the CEO or COO should be reviewed and approved by the Finance Committee Chairperson.

Management Response: Agreed. A Travel and Expense policy has been drafted to include the collection, review, approval and reconciliation of the credit card receipts to the credit card statement prior to payment of the credit card. All credit card purchases made by the CEO will be approved by the Finance Committee chair person or his designee.

CHARTER FOR ACCELERATED LEARNING, INC.
SCHEDULE OF FINDINGS
July 1, 2012 to June 30, 2013

The unsupported transactions totaling \$6226 have been reviewed with the COO and he has certified that they are valid business expenses.

FINDING 13-06: PAYROLL PROCEDURES (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 10 of the Indiana Charter School Manual states in part, *“All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements.”*

Condition: We selected 16 individuals for testing. Of those, we noted employment contracts for two salaried employees employed during the school year expired prior to the start of the school year; one contract expired June 30, 2011 and the other contract expired June 30, 2012.

Recommendation: We recommend management review and authorize a contract annually if the Organization chooses to continue using contracts that stipulate a contract termination date.

Management Response: Agreed. These two cases are taken very seriously. The current fiscal year contracts have been reviewed and all contracts are properly signed and in place. In accordance with the Organization’s procedures, management reviews and authorizes contracts annually and termination dates are deployed. The Director of Human Resources is responsible for ensuring this procedure is followed.

FINDING 13-07: COMPENSATION – NON EMPLOYEES (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 14 of the Indiana Charter School Manual states in part, *“All payments for services must be supported by a written contract. Compensation shall be made in a manner that will facilitate compliance with state and federal reporting requirements.”*

Condition: During our testing of payroll controls, our sample of 16 contained five hourly employees. We noted that the Organization did not maintain a contract for three of these individuals compensated on an hourly basis. The individuals provided services to the Organization as independent contractors and the payments were reported by the Organization on a 1099-MISC.

Recommendation: We recommend management support compensation for non-employees with a written contract.

Management Response: Agreed. The Human Resources team has reviewed this situation and determined that this issue only applies to law enforcement contract workers. All other contract/hourly workers have signed contracts on file. As a result the Human Resources team has generated and deployed a contract specifically for non-employee law enforcement hourly contract workers. The contracts have been signed and properly filed.

CHARTER FOR ACCELERATED LEARNING, INC.
SCHEDULE OF FINDINGS
July 1, 2012 to June 30, 2013

FINDING 13-08: USE OF PRESCRIBED SCHOOL LUNCH FORMS (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 10 of the Indiana Charter School Manual states in part, “*All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.*”

Condition: The following forms were not utilized by the Organization:

- School Food, Daily Record of Cash Received (SF-2)
- School Food Daily Record of Meals/Milk Served (SF-2A)
- School Food, Cash Disbursements and Fund Balance (SF-3)

Recommendation: We recommend management use the prescribed forms.

Management Response: Agreed. Given the fact that the Organization deploys an automated food services system, the Director of Operations plans to solicit the SBOA for approval of the current system and documentation. The Organization employs a food service system that is used to submit the required information to the Indiana Department of Education (IDOE). The IDOE accepts the information and continues to process grants based in that information. The SBOA recognizes that the forms currently prescribed are for their audit purposes only.

FINDING 13-09: USE OF PRESCRIBED OF EXTRA-CURRICULAR TICKET SALE FORMS (Applies to Charles A. Tindley, Tindley Preparatory, and Arlington High School)

Criteria: Part 8 of the Indiana Charter School Manual states in part, “*All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.*” Part 10 of the Indiana Charter School Manual states in part, “*All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.*”

Condition: The Organization does not utilize Form SA-4 (Ticket Sales Form), as prescribed by the State Board of Accounts, to list and account for all extra-curricular tickets issued.

Recommendation: We recommend management use the prescribed form.

Management Response: Agreed. The Director of Accounting will review the utility of the SA-4 (Ticket Sales Form) for our Organization and determine whether to deploy the use of the prescribed form or seek approval from the SBOA to have a prescribed form modified to conform to the current processes for all extracurricular activities. Currently for all athletic events in which tickets are sold a process is followed as prescribed by the Accounting Procedures to reconcile tickets sold to the cash received. The Athletic Directors make sure this process is strictly followed in accordance with the Accounting Procedure and any cash collected is deposited by the Operations manager. Athletic events compose the majority of the extracurricular activities. Athletic events along with all other events in which tickets are sold will be reviewed and the compliance issue will be adhered to.

CHARTER FOR ACCELERATED LEARNING, INC.
EXIT CONFERENCE
July 1, 2012 to June 30, 2013

The contents of this report were discussed on March 7, 2014, with Evan Hawkins, Chief Operating Officer and Terri Anderson, Controller. The officials concurred with the findings.