



STATE OF INDIANA
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May 14, 2014

Charter School Board
The Signature School, Inc.
610 Main Street
Evansville, IN 47708

We have reviewed the Supplemental Audit Report prepared by Kemper CPA Group, LLP, 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. Page 4 contains two audit results and comments. Management's response is on pages 6 and 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for The Signature School, 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

SIGNATURE SCHOOL, INC.

Vanderburgh County, Indiana

**SUPPLEMENTAL COMPLIANCE
EXAMINATION REPORT**

Year Ended June 30, 2013



SIGNATURE SCHOOL, INC.

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SIGNATURE SCHOOL, INC.

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Charter School Board	Robert L. Koch, II	7/1/12 to 6/30/13
Executive Director	Jean Hitchcock	7/1/12 to 6/30/13
Treasurer	Susan Parsons	7/1/12 to 6/30/13
Director of Finance	Vacant	7/1/12 to 6/30/13



TRANSMITTAL LETTER

Board of Directors
The Signature School, Inc.

We have audited the statement of cash receipts and disbursements of Signature School, Inc. (School) for the year ended June 30, 2013 and have issued our report thereon dated April 10, 2014. In conjunction with that audit, we also examined the School's compliance during the year ended June 30, 2013 with the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts. The results of that supplemental compliance examination and our independent accountants' report thereon are reflected on pages 3 through 6 herein.

Kemper CPA Group, LLP

Certified Public Accountants and Consultants

Evansville, Indiana
April 10, 2014



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
The Signature School, Inc.

We have examined Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2013. Management is responsible for the School's compliance with those requirements. Our responsibility to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements prescribed by the Indiana State Board of Accounts in *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

Our examination disclosed certain instances of noncompliance with the Manual, as described in the Audit Results and Comments.

In our opinion, except for the noncompliance described in the third paragraph, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2013.

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

Kemper CPA Group, LLP

Evansville, Indiana
April 10, 2014

Certified Public Accountants and Consultants

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2013

Prescribed Forms

Our testing revealed that the School does not use prescribed forms. We found no evidence that the school uses the following prescribed forms: TBR-2, SA-4 and prenumbered tickets

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: 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.

Receipts and Deposits

Our testing revealed that the School does not issue or record receipts at the time of the transaction. Further the School does not make deposits within one business day following receipt of the funds.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: 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.

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Exit Conference
Year Ended June 30, 2013

The contents of this report were discussed on March 20, 2014, with the following persons:

Susan Parsons, Treasurer
Ashley DiMarco, Bookkeeper

The Official Response has been made a part of this report and may be found on pages 6 and 7.



To whom it may concern:

In response to the Audit Report by Kemper CPA Group, LLC of Signature School's financial statements ending June 30, 2013:

Audit Report

2013-1

To improve controls related specifically to payroll, the Executive Director will review and initial the "Register Prior to Processing" report. The day after payroll has cleared the bank account, a printout of the prior day bank activity will be printed and provided to the Executive Director with the "Payroll Summary" report which provides the amounts to be deducted from the bank account, as well as the previously approved "Register Prior to Processing". The Executive Director will initial the prior day processing report after verifying amount payroll related amounts clearing the bank account agree to the payroll processed and the payroll previously approved. The initialed prior day bank report and register prior to processing report will be filed with the regular payroll report.

Supplemental Compliance Report

Prescribed Forms

Concerning the use of Form TBR-2, Signature School will request approval from the State to continue the current receipting procedure. Per the Charter School Manual, the TBR-2 is issued at the time of payment of the textbook detailing the book, unit price, total paid, and method of payment. At Signature School, textbook rentals are typically paid at the same time as other class fees. On the official "Receipt – Office of Treasurer of School Board", henceforth referred to as Form No. 517, the total textbook rental received is a line item. Attached to this receipt, is a copy of the related invoice marked "paid" which details weach class and the related textbook rental; the textbook rental column of this invoice is totaled so that it can be tied out to the textbook rental line item of the Official Receipt. Per the Charter School manual, when necessary, a detail of books and unit prices may be attached to the TBR-2; at Signature School, this detail is simply attached to Form No. 517. Previously, Form No. 517 was not issued immediately upon receipt. New procedures are being implemented so that this receipt is issued at the time payment is received; the Treasurer of the School Board will later review and sign the duplicates of these receipts as she is not present at the School. Signature School will also begin

Signature School

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enforcing the use of pre-numbered tickets for events and the reconciliation of such ticket sales with form SA-4.

Receipts and Deposits

As mentioned previously under Prescribed Forms, Signature School is in the process of implementing a new procedure to issue receipts at the time payments are received. The receipt will not be signed by the Treasurer of the School Board at that time because she is not present at the School; however, 2 copies are printed at the time the receipt is made, one being given to the payer and the other to the Treasurer to review and sign.

At this time, Signature School's staff is very small and it is difficult to make daily trips to the bank, however the staff is striving to make this happen. In addition, Signature School is exploring the use of an electronic deposit system which would allow for daily deposit, although current investigation shows this will significantly increase bank service charges.

Sincerely,



Susan E. Parsons

Treasurer

Signature School