



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43712

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June 17, 2014

Charter School Board
Thurgood Marshall Leadership Academy,
A Program of Fort Wayne Urban League Inc.
2310 Weisser Park
Fort Wayne, IN 46803

We have reviewed the Supplemental Audit Report prepared by Dulin, Ward & DeWald, Inc., 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 6 contain six audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Thurgood Marshall Leadership Academy, A Program of Fort Wayne Urban League 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

THURGOOD MARSHALL LEADERSHIP ACADEMY

A PROGRAM OF FORT WAYNE URBAN LEAGUE, INC.

Allen County, Indiana

July 1, 2012 to June 30, 2013

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**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.**

SCHOOL OFFICIALS

Year ended June 30, 2013

OFFICE	OFFICIAL	TERM
Treasurer	Will Clark	7/01/12 to 6/30/13
Principal	Nicole Chisley	7/01/12 to 11/02/12
	Tameka Wilson	11/02/12 to 6/30/13
Chairman of the School Board	Alan Grinsfelder	7/01/12 to 6/30/13



Dulin, Ward & DeWald, Inc.
CPAs & ADVISORS

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Offices Located in Ft. Wayne and Marion, Indiana

Board of Directors
Thurgood Marshall Leadership Academy, a program of
Fort Wayne Urban League, Inc.
Fort Wayne, Indiana

We have audited the records of the Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. (a nonprofit organization) for the period from July 1, 2012 to June 30, 2013, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this program are reflected in the Annual report of Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. for the year ended June 30, 2013.

Fort Wayne, Indiana
May 27, 2014

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
ALLEN COUNTY
AUDIT RESULTS AND COMMENTS
Year ended June 30, 2013**

1. Prescribed Forms

The School utilizes forms and reports, but not all forms and reports are prescribed or approved forms.

All the necessary forms for fund, program and object accounting are prescribed by the State Board of Accounts in accordance with the Indiana Public Accounting Law. These forms can be used in their original design for manual systems. Although the accounting forms and ledgers cannot be used in systems utilizing electronic data processing equipment, such systems must provide, as a minimum, the information contained in the manual system with no changes in the fund accounting requirements or the classifications of receipts and expenditures.

When the forms and ledgers are modified for use with computer hardware and software, they must be submitted to the State Board of Accounts for approval as replacements for the prescribed forms. The approval process necessitates submitting to the attention of the State Examiner, each of the forms exactly as they must be modified for use with a computer and a letter from the charter school requesting approval for use in the system of the charter school. The forms submitted shall be a facsimile of the prescribed system (headings of reports, etc.). Otherwise a cross-reference to the prescribed form intended to be replaced shall be submitted. (Accounting and Uniform Compliance Guidelines manual for Indiana Charter Schools, Part 1 – Prescribed Forms)

2. Internal Control – receipts and deposits

The School utilizes the services of American Quality Schools (AQS) in Chicago, Illinois for its bookkeeping services. Because of this relationship, a local bank is not used to deposit cash and checks received at the School. The responsible person at the School counts the money received and fills out a worksheet detailing the type and amount of cash and checks, which is then signed by two individuals and sent via Federal Express to AQS. When received at AQS, the funds are recounted and a deposit slip is made up and the funds are taken to the bank. As a result, in all transactions tested it was more than 24 hours between the receipt of cash and the deposit in the bank.

All charter school money must be deposited in the designated depository not later than the business day following the receipts of funds on business days of the depository in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8 – Internal Controls)

3. Public Works Law

The School contracted to have improvements done to the building they lease. This project met the definition of public works as described in IC-36-1-12 which states that the term “public work” means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment. However, the contract was awarded without following the Public Works Law procedures which require that three written quotes must be obtained for projects less than \$50,000.

When a school uses public funds for the construction, reconstruction, alteration, or renovation of a public building, bidding and wage determination laws and all other statutes and rules apply. (IC 20-24-7-7) The “Public Works Law” (IC 36-1-12) applies to all public work performed or contracted by political subdivisions and their agencies on property owned or leased by them. (IC 36-1-12-1)

For public work costing less than \$50,000 the following procedures must be used:

Plans and specifications: All plans and specifications for public buildings must be approved by the State Department of Health, The Division of Fire and Building Safety, and other State agencies designated by statute. (IC 36-1-12-10)

Inviting Quotes: The board shall invite quotes from at least three persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven days before the time fixed for receiving quotes. (IC 36-1-12-5)

Award of contract: The board shall award the contract for the public work to the lowest responsible and responsive quoter. (IC 36-1-12-5)

Rejection of all quotes: The board may reject all quotes submitted. If the board rejects all quotes, the board may negotiate and enter into agreements for the work in the open market without inviting or receiving quotes if the board establishes in writing the reasons for rejecting the quotes. (IC 36-1-12-5)

Public meeting: The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated. (IC 36-1-12-5)

4. Penalties and Interest

The test of vendor disbursements found two instances where late charges were paid totaling \$72.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

5. Payroll Taxes

Teachers for the School were inadvertently set up in the payroll system as having opted out of social security taxes, which is allowed for Illinois teachers who participate in the Illinois teachers' retirement system. However, the School's employees are Indiana employees, and Indiana does not have this option. Therefore, social security taxes were incorrectly withheld from payroll, and the School did not correctly report and pay its obligation for social security taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

Each charter school is responsible for compliance with all rules, regulations, guidelines and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

6. Reporting

The Form 9 Biannual Financial Report and Student Information Reporting are done online, and no record is maintained of the report submission to verify timely filing.

The ending cash balance on Form 9 for June 30, 2013 does not agree with the cash balance per the general ledger.

Not later than the date established by the Indiana Department of Education (IDOE) for determining ADM, and after May 31 each year, the organizer shall submit to IDOE the following information on a form prescribed by IDOE: 1) the number of students enrolled in the charter school, 2) the name and address of each student, 3) the name of the school corporation in which the student has legal settlement, 4) the name of the school corporation, if any, that the student attended during the immediately preceding school year, 5) the grade level in which the student will enroll in the charter school. (IC 20-24-7-2)

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period July 1 to December 31, financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
ALLEN COUNTY
EXIT CONFERENCE**

The contents of this report were discussed on May 27, 2014 with Alan Grinsfelder (Board Chair), Willis Clark (Board Treasurer), Dr. Alfred Brothers (Finance committee member), Tameka Wilson (School Principal), Jonathan Ray (President and CEO of Fort Wayne Urban League, Inc.), Tiffani Cooper (Accountant for American Quality Schools, Inc.) and Leo J. Anthas (General Counsel for American Quality Schools, Inc.). The officials concurred with our audit findings.