



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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November 14, 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, 2013 to June 30, 2014. 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 one audit results and comment. Management's response is on pages 5 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
OPTIONS CHARTER SCHOOL – CARMEL, INC.
HAMILTON COUNTY, INDIANA
July 1, 2013 to June 30, 2014

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, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Scott McIntyre	07/01/13 – 06/30/14
Director	Mike Gustin	07/01/13 – 06/30/14
Treasurer	Sherrie Bly	07/01/13 – 06/30/14

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, 2014 and have issued our report thereon dated September 29, 2014. 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
September 29, 2014

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2014

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 exceptions in our sample of 25 cash receipt transactions:

- In 10 instances, the receipt was dated after the date of the SA-8 form. As a result, we were unable to determine if a receipt was actually issued at the time of payment.
- In 8 instances, we were unable to determine if funds were deposited in a timely manner. The SA-8 form and receipt had different dates in each instance.
- In 9 instances, the bank deposit was not made in a timely manner. The delay ranged from 4 to 19 days between the date of collection and the date of deposit.
- In 5 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

Exit Conference

Year Ended June 30, 2014

The contents of this report were discussed on October 6, 2014 with Mike Gustin (President), 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 5.



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**

Issue One: 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 exceptions in our sample of 25 cash receipt transactions:

- I. In 10 instances, the receipt was dated after the date of the SA-8 form. As a result, we were unable to determine if a receipt was actually issued at the time of payment.
- II. In 8 instances, we were unable to determine if funds were deposited in a timely manner. The SA-8 form and receipt had different dates in each instance.
- III. In 9 instances, the bank deposit was not made in a timely manner. The delay ranged from 4 to 19 days between the date of collection and the date of deposit.
- IV. In 5 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)



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Issue One: Response

Regarding Items I, II, IV: An investigation did occur into the issue of receipting cash and checks received by the school immediately and correctly as an expectation unto itself and as it relates to the ability of the auditors to track timely deposits of cash and checks. After lengthy discussions with the Options Charter Schools employees responsible for this task a disconnect did present itself between the expectation and the execution of issuing receipts immediately and correctly. To remedy this issue a receipt book was issued to both schools that now have an original and two carbons for each receipt written. Historically, the receipt books for each school only had the original and one copy. In that system the original was issued to the parent or student and the copy stayed in the receipt book. Now, the original goes to the parent or student, one copy stays in the receipt book, and the second copy accompanies the cash sheet to the Options Charter Schools Treasurer. When the treasurer receives the cash sheet and receipts she can cross-reference each line item on the cash sheet with a written receipt. In doing so, we can better guarantee that all receipts are written immediately and correctly.

Regarding Item III: There were two issues that presented challenges for making timely deposits. The first issue was the timeline for school officials to process cash and checks coming into the school and sending those items to the Options Charter Schools Treasurer for processing and deposit. The second issue was the fact that only the Options Charter Schools Treasurer was bonded. Because she would miss work for various reasons (personal time, sick time, vacations, holidays, inclement weather, etc.) it would delay depositing cash and checks. To remedy these issues, a written process was developed outlining expectations for school-level processing and receipting cash and checks and the timely delivery to the Options Charter Schools Treasurer. Options Charter Schools is also switching from a Surety Bond covering the school treasurer only to a Fidelity Bond that will cover multiple school employees. By streamlining the process and making multiple employees legally able to make deposits, we can greatly minimize or eliminate deposits not being made in a timely manner.

*It should be noted that Options Charter Schools' officials did request the support documentation for both schools regarding the proper issuing of receipts and the timely depositing of cash and checks. We received the Options Noblesville support



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documentation only. This was explained in an email that Options-Carmel paperwork did appear valid. Upon reviewing the support documentation for Options-Noblesville clerical errors were apparent. Options Charter Schools' officials did correct the data on the Options-Noblesville document and returned it to F&I but was not able to do so on the Options-Carmel support documentation. This does not change the Options Charter Schools position that the auditors finding was correct only a slight disagreement regarding the severity of the issue.

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

Sincerely,

Mike Gustin, President
Options Charter Schools