



STATE OF INDIANA
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November 20, 2014

Charter School Board
Montessori Academy at Geist, Inc.
13942 E. 96th Street, Suite 120
McCordsville, IN 46055

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. Pages 3 through 6 contain five audit results and comments. Management's response is on page 8 through 12.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Montessori Academy at Geist, 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

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

July 1, 2013 to June 30, 2014

Fitzgerald | **Isaac** LLC
Certified | Public Accountants

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

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MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

School Officials

Year Ended June 30, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Carla Howie	07/01/13 – 06/30/14
Executive Director	Susan Fries	07/01/13 – 06/30/14
Treasurer	Sam Patterson	07/01/13 – 06/30/14

The Board of Directors
Montessori Academy at Geist, Inc.

We have audited the financial statements of **Montessori Academy at Geist, Inc.** (the “School”) as of and for the year ended June 30, 2014 and have issued our report thereon dated September 5, 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 5, 2014

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2014

REQUIRED REPORTS

ADM reports were submitted as required; however, signed and dated copies of the reports were not maintained by the building level administrator.

The building level administrator (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the Organizer, shall provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

CAPITAL ASSET INVENTORY

The School maintains a record of capital assets; however, it has not performed an inventory of such assets as verification of the accounting records.

Every charter school shall have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory must be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

Audit Results and Comments, Continued

CREDIT CARD POLICY

The School obtained a credit card in the 2014 fiscal year to make certain purchases. The use of the card appears to be properly controlled and purchases properly documented; however, the School has not adopted a formal credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided the following criteria are observed:

1. The charter school must authorize credit card use through an appropriate policy.
2. Issuance and use shall be handled by an employee designated by the charter school.
3. The purposes for which the credit card may be used must be specifically stated in the policy.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the designated employee.
5. The designated employee must maintain an accounting system or log which would include the names of individuals requesting the usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track expenses to provide the charter school and other administration with timely and accurate accounting information and monitoring of the accounting system.
7. 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.
8. If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

Audit Results and Comments, Continued

PAYROLL POLICIES AND COMPLIANCE

We selected fifteen employees with which to test the process for calculating, accumulating and recording payroll expense. From this sample of 15, we noted the following:

- Employment agreements could not be produced for two salaried employees.
- Time sheets for seven hourly employees did not contain an indication of supervisor approval.

The charter school must establish a payroll schedule that details amounts paid annually, biweekly, hourly, etc. for all employees that are not included on a labor contract. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, must show signs of supervisory approval. The organizer must designate an employee to review supporting documentation to ensure payments are accurate and due the employee for services rendered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

Audit Results and Comments, Continued

RECEIPTS AND DEPOSITS

In our audit, we examined records relating to cash receipts at the school pertaining to such items as materials fees, field trips and donations. From a sample of 25 cash receipts, we noted the following:

- In eight instances we were unable to trace collections from the initial receipt to the bank deposit.
- In five instances the form of payment (cash, check, etc.) was not indicated on the receipt.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2014

The contents of this report were discussed on September 26, 2014, with Susan Fries (Executive Director) and Sam Patterson (Treasurer). The Official Response has been made a part of this report and may be found on page 8.

Geist Montessori Academy

Audit Results and Comments

New Policies and Policy Amendments

Required Reports

We did not have signed and dated copies of the ADM reports. We plan to obtain and document our written certification of our ADM records. All documents will be properly filed and maintained by our building level administrators

Capital Asset Inventory

During the time of the audit we did not have a current capital asset inventory. We now have an updated document, which I have attached with this document, which we will use to perform an adequate asset inventory before the next audit.

Credit Card Policy

We did not have a credit card policy on record for our new Master Card. We have now created a new policy that addressed all of the outlined concerns from the audit. I have attached that policy to this document for your review.

Payroll Policies and Compliance

We had a few violations with our staff payroll paperwork. We have now created new contracts and agreements with all certified staff that will include the proper documentation to meet the guidelines of the audit. We plan to meet with all certified staff by the 17th to discuss their new policies in their contracts. We have also created improved book keeping policies to maintain documentation of all time sheets during all pay periods.

Receipts and Deposits

To address our lack of receipts relating to material fees, we have made changes to our payment policies. There is now a limited number of staff members who can accept payments, and they have all been properly trained on how to fill out and document receipts. By streamlining our procedures for handling money and receipts, we will be able to ensure adequate book keeping practices.

GEIST MONTESSORI ACADEMY CREDIT CARD POLICY

The GMA MASTER CARD credit card is for district purchases only. Cardholders are responsible for immediately reporting any fraudulent use or misapplication of the MASTER CARD credit card to the Administration. Temporary or permanent cancellation of the cardholder's privileges and disciplinary actions up to and including termination and legal action could occur due to fraudulent card use.

I. CARDHOLDER INFORMATION

RESPONSIBILITIES

Cardholders are responsible for:

- **IMMEDIATELY** reporting a lost or stolen card.
- The security of the card. Under no circumstances are you to allow another person to use your MASTER CARD credit card. **(EVEN IF YOU TRUST THEM)**
- Making purchases for your school/department of authorized and allowed goods
- Making purchases in compliance with information set forth in this policy.
- Ensuring original merchant documentation is complete and available for **EVERY** transaction.
- Turning in your card to the Administration upon retirement, leave of absence, or termination.

PROHIBITED TRANSACTIONS

Do not purchase the following goods with your card. They are prohibited transactions and are cardholder violations. The list includes, but is not limited to the following items.

- Any personal purchases
- Cash advances/disbursements from financial institutions
- **GIFT CARDS** from any establishment for any reason
- Salary and monetary awards
- Consultant and maintenance agreements (**one-time** emergency repairs are permissible.)
- Purchases from sources that the cardholder has a financial interest
- Gifts
- Entertainment and alcoholic beverages @ any type of establishment
- Vehicle expenses for personal vehicle (examples: gasoline, carwash, auto parts and repairs)

Unauthorized or Inappropriate purchases

- Written warning is to be given to cardholder
- Cardholder may be required to obtain additional training on use of the card
- Habitual misuse will result in cancellation of the card.

PLACING AN ORDER

You may place your order in person, by phone, by fax, by mail, or over the Internet.

- Inform the vendor that the purchase is tax exempt and carefully review your receipt to ensure no tax was charged
- Remind the merchant that this is a Geist Montessori Academy School District purchase and should be accorded any applicable discounts
- Give your name as it appears on the card
- Give accurate delivery information (the address must be GMA site, not your home address)
- Do not allow COD deliveries. You must pay at the time of ordering or pick up by using the credit card
- Request documentation showing description and cost of each item
- When placing a telephone order, get an order confirmation number and request a faxed copy of the invoice or order

DOCUMENTING EACH TRANSACTION

Every transaction **MUST** have valid and complete source documentation from the vendor.

Valid source documentation should be:

- A receipt and card transaction slip from the merchant; or
- An invoice or a packing slip showing procurement card payment and listing individual items and cost for each

All documentation must include the following information:

- Vendor identification (vendor name)
- Date the purchase was made
- Description, quantity and unit cost of each item purchased
- Total cost of the order
- Cardholder name and/or card number

GMA MASTER CARD CREDIT CARDHOLDER AGREEMENT FORM

I, _____, agree to the following regarding my usage of
(name of employee)
the GMA MASTER CARD credit card.

1. I understand that I am being entrusted with a valuable tool for making financial commitments on behalf of the District so that the District may obtain its best value for these financial commitments.
2. I understand that under no circumstances will I use the MASTER CARD credit card to make personal purchases, either for others or myself. I understand that willful intent to use the MASTER CARD credit card for personal gain may result in disciplinary actions including termination of employment.
3. I will adhere to established procedures for using the MASTER CARD credit card. Failure to do so will result in either revocation of my user's privileges and other disciplinary actions.
4. I have been given a copy of the MASTER CARD credit card policy and understand the requirements for using the MASTER CARD credit card.
5. I agree that should I violate the terms of this agreement and use the MASTER CARD credit card for personal use or gain, that I will reimburse the Geist Montessori Academy Independent School District for all incurred charges and any fees related to the collection of those charges.
6. **I agree to reimburse GMA for any missing receipts.**

Employee's Name (PRINT)

Employee's Signature

Date

Sign and return to business manager or superintendent.