



STATE OF INDIANA
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November 21, 2014

Charter School Board
Drexel Foundation for Educational Excellence, Inc.
d/b/a Thea Bowman Leadership Academy
3401 W. 5th Avenue
Gary, IN 46406

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 5 contain five audit results and comments. Management's response is on page 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy 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

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2014

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

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

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DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

School Officials

July 1, 2013 to June 30, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of Board of Directors	Jori Moore	07/01/13 – 06/30/14
Chief Administrative Officer	Gwen Adell	07/01/13 – 06/30/14
Principal	Aletha Fontleroy	07/01/13 – 06/30/14
Principal	Ruby James	07/01/13 – 06/30/14

The Board of Directors
Drexel Foundation for Educational Excellence, Inc.

We have audited the financial statements of **Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy** (the “School”) as of and for the year ended June 30, 2014 and have issued our report thereon dated October 15, 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.

Fitzgerald / Isaac LLC

Indianapolis, IN
October 15, 2014

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

CAPITAL ASSETS

The School maintains a record of capital assets for accounting purposes; however, the School does not routinely conduct a physical inventory of its capital assets as a means to verify its asset records.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall 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 15)

TICKET SALES

The School charges admission to various athletic and other school events; however, it does not use pre-numbered tickets or reconcile ticket sales via the SA-4 Ticket Sales Form.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

RECEIPTS AND DEPOSITS

The School receives cash payments for various purposes including field trips, uniforms, and book rentals. Procedures were in place to process cash collections; however, we noted that deposits are not always made in a timely manner. In 7 instances out of a sample of 25, the collections were deposited later than 5 days from the receipt date, with one deposit exceeding 2 weeks from the receipt date.

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)

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period January 1, 2014 to June 30, 2014 revealed that the June 30, 2014 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was lower than the general ledger balance by \$156,975.

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)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

RECORD RETENTION

The School was unable to provide us with the textbook reimbursement claim, the supporting student list for the textbook claim, or the Average Daily Membership (“ADM”) report submitted for the February 2014 count for examination during our audit.

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 (those 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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 12)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2014

The contents of this report were discussed on November 12, 2014 with Thomas Aubin (Vice-President of Finance, AQS) and Josh Samuelson (Senior Account Specialist, AQS). The Official Response has been made a part of this report and may be found on page 7.

THEA BOWMAN LEADERSHIP ACADEMY

MANAGEMENT'S RESPONSES TO AUDIT COMMENTS

CAPITAL ASSETS

Management agrees with the comment. A complete inventory of the capital assets was performed on August 4th-5th of 2014 at both the Elementary and High School. Management has purchased an inventory software program for use in all of its schools, and the results of the inventory performed at TBLA will be uploaded to the software so that the inventorying of assets going forward can be more systematic and efficient. Inventories will be taken yearly prior to the start of each school year.

TICKET SALES

Management agrees and will be implementing the use of pre-numbered tickets and the SA-4 Ticket Sales Form.

RECEIPTS AND DEPOSITS

Management agrees, and with the recent change in administration of the high school, will ensure that deposits are made timely within the prescribed timeframe.

FINANCIAL REPORTING

The accounting system used by the school does facilitate the preparation of the cash basis Form 9 required by the Indiana Department of Education. The discrepancy noted on audit, with which management agrees, was a result of not including certain restricted cash accounts and petty cash accounts in the Form 9 cash balance. Management will redouble efforts to ensure the cash balances per the books of account and the Form 9 report are in sync with each other going forward.

RECORD RETENTION

Management agrees and will take steps to ensure that record retention rules are adhered to. With the change in school administration that has occurred for the 2014-2015 school year, record retention issues should not be an issue going forward. The ADM report was filed timely with the Indiana Department of Education.