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December 24, 2014

Charter School Board
Indiana Math and Science Academy-
South Indianapolis Charter School, Inc.
2710 Bethel Ave
Indianapolis, IN 46203

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 Indiana Math and Science Academy – South Indianapolis Charter 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

SUPPLEMENTAL AUDIT REPORT

OF

**INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.**

MARION COUNTY, INDIANA

July 1, 2013 to June 30, 2014

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

INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

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INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

School Officials

July 1, 2013 to June 30, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Bulent Guler	07/01/13 – 06/30/14
Superintendent/Principal	John Aytakin	07/01/13 – 06/30/14
Treasurer	Halil Dulgeroglu	07/01/13 – 06/30/14

The Board of Directors

Indiana Math and Science Academy – South Indianapolis Charter School, Inc.

We have audited the financial statements of **Indiana Math and Science Academy – South Indianapolis Charter School, Inc.** (the “School”) as of and for the year ended June 30, 2014 and have issued our report thereon dated November 21, 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
November 21, 2014

INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

CASH MANAGEMENT

The School has obtained a surety bond covering the School's treasurer. We are aware that other School personnel are also responsible for handling cash, including incoming cash receipts, and authorizing the purchase of goods and services. Those persons are not subject to insurance coverage in the event of theft or dishonesty.

The organizer shall designate employees who are responsible for handling a majority of the cash, receipts, and disbursements for the school. The designated employees must have either a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors, and omissions. The cash bond should represent the average amount of cash or receipts on hand during the school year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

CASH RECEIPTS AND DEPOSITS

The School receives cash for various purposes, including uniform purchases, lunch payments, and field trips. Procedures were in place to process cash collections; however, we noted that in 6 instances out of a sample of 25 transactions, the bank deposit was not made in a timely manner. The delay ranged from 5 to 21 days between the date of collection and the date of deposit.

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)

INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

CREDIT CARD COMPLIANCE

The School makes certain purchases by use of a credit card in the School's name, and has a formal policy in place that governs the use of the credit card. However, in our testing of five credit card payments, we noted evidence in all five that the School is paying late fees and finance charges on the card balances.

Employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the charter school. Any penalties, interest, or other charges paid by the charter school may be the personal obligation of the responsible employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

VENDOR DISBURSEMENTS

In our sample of thirty-eight vendor disbursements, we noted the following exceptions:

1. In eleven of the disbursements tested, we noted that only one person signed the accounts payable voucher, indicating that the expense had been approved.
2. In four of the disbursements tested, we noted that sales tax was paid totaling \$6,179.

Charter schools may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application should be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

SCHOOL LUNCH ELIGIBILITY

In our audit sample of fifteen students, we were unable to obtain the eligibility application or evidence of eligibility by direct certification for two students. In addition, the School was unable to provide evidence to demonstrate that verification of income applications had been completed.

The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. [7 CFR, part 245.6(c)]

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The results of test checks are to be reported to the Indiana Department of Education in accordance with 7CFR 245.6a...An error for purposes of the test-check is an approved application, attempted to be verified that cannot be verified by the program participants with requested income verification information (i.e., paycheck stub, W-2, etc.). (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

- (i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or
- (ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year. (7CFR 245.6a)

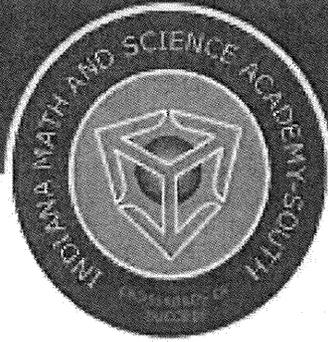
INDIANA MATH AND SCIENCE ACADEMY – SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2013 to June 30, 2014

The contents of this report were discussed on December 10, 2014 with Mustafa Arslan (Superintendent) and Halil Dulgeroglu (Business Manager). The Official Response has been made a part of this report and may be found on page 7.



December 10th, 2014

Indiana Math and Science Academy South would like to formally respond to the audit comment noted in your examination results for 2014.

- **Cash Management:** Indiana Math and Science Academy South will have a blanket insurance that covers designated employees who are responsible for handling a majority of the cash, receipts, and authorizing the purchase of goods and services.
- **Cash Receipts and Deposits:** Indiana Math and Science Academy South will make sure that collected money in the office will be deposited in timely manner.
- **Credit Card Compliance:** Indiana Math and Science Academy South will make the credit card payments on time for further transactions.
- **Vendor Disbursement:** Indiana Math and Science Academy South has contacted with Indiana Department of Revenue to confirm if the school was eligible for sales tax exemption or not in this fiscal year. The answer was without having 501 (c)(3) approval, the school was not be eligible for sales tax exemption. Based on the answer, the school did not claim any tax exempts from vendors. IMSA South's 501 (c)(3) application is now approved. IMSA South will not pay any taxes for further purchases. Also, all vouchers will be signed by 2 people
- **School Lunch Eligibility:** Indiana Math and Science Academy South has already processed all school lunch application forms. Those forms will be internally reviewed by the 2nd person during the school year.

A handwritten signature in black ink that reads "Cathy Sparks". The signature is fluid and cursive.

Cathy Sparks
Director