



STATE OF INDIANA
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B44866

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March 3, 2015

Charter School Board
Gary Lighthouse Charter School
3201 Pierce Street
Gary, IN 46408

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 finding in the report. Pages 3 and 4 contain two audit result and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Gary Lighthouse Charter School 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

GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2014

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

GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

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GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

School Officials

July 1, 2013 to June 30, 2014

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------------------|----------------------------------|--------------------------------------------|
| President of Board of Directors | Eddie Harvey | 07/01/13 – 06/30/14 |
| Superintendent | Jamila Newman Jeremy Williams | 07/01/13 – 09/30/13 10/01/13 – 06/30/14 |
| Treasurer | Howard Hammond | 07/01/13 – 06/30/14 |

The Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.

We have audited the financial statements of **Gary Lighthouse Charter School** (the "School") as of and for the year ended June 30, 2014 and have issued our report thereon dated February 12, 2015. 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
February 12, 2015

GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

CASH RECEIPTS AND DEPOSITS

The School receives payments for various purposes including uniform sales, student fees, fundraising, and field trips. In our sample of 25 cash receipts transactions from throughout the year, we noted the following issues:

1. Sixteen payments were not deposited timely. The length of time between the receipt of payment and deposit in the bank ranged from 6 to 37 days.
2. Six of the receipts were not completed in full, specifically, the form of payment (cash, check, etc.) was not identified.

All charter school money must be deposited in the designated depository no 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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

In our audit, we examined 24 vendor disbursements from throughout the fiscal year and noted the following issues:

1. Five vouchers had a printed signature on the approval line and were not dated, creating a question as to whether these vouchers were produced without actual approval of the certifying officer.
2. Eight vouchers were not signed or dated on the approval line.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: 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)

GARY LIGHTHOUSE CHARTER SCHOOL

LAKE COUNTY, INDIANA

Exit Conference

July 1, 2013 to June 30, 2014

The contents of this report were discussed on February 19, 2015 with Khori Whittaker (CEO, Lighthouse Academies, Inc.), Michael Driscoll (CFO, Lighthouse Academies, Inc.), and Howard Hammond (Controller, Lighthouse Academies, Inc.). The Official Response has been made a part of this report and may be found on page 6.

Lighthouse Academies of Northwest Indiana, Inc.

February 18, 2015

Fitzgerald/Isaac LLC
9245 N. Meridian St., Suite 302
Indianapolis, IN 46260
Attn: Eugene P. Fitzgerald

Re: SBOA Findings for Gary Lighthouse Charter School

Dear Sir:

Finding on CASH RECEIPTS AND DEPOSITS

Audit Comment: In our sample of 25 cash receipt transactions from throughout the year, we noted sixteen where the payment received was not deposited timely. The length of time between the receipt of payment and deposit ranged from 6 to 37 days. From the same sample, six of the receipts were not completed in full, specifically, the form of payment (cash, check, etc.) was not identified.

School Response: It is the School's policy that no more than \$50 in total receipts can be kept overnight at the school. All receipts must be deposited on the same day as received. The Regional Operations Manager will reinforce this with the School Operations Managers in her regular training so that they understand the policy. Bank runs will be a normal part of the School Operations Manager daily schedule, and she/he will be expected to make them everyday. The Regional Operations Manager will periodically check throughout the year that the cash receipt's date is the same as the bank receipt's date. If it is not, she will inform both the Principal and the Controller. Furthermore, she will check to make sure that the receipts are correctly completed.

Finding on VENDOR DISBURSEMENTS

Audit Comment: Out of 24 selections of vendor disbursements, five vouchers had a printed signature, but were not dated, and eight vouchers were not signed or dated.

School Response: The Regional Operations Manager approves the invoice to be paid by signing and dating the Accounts Payable Voucher, often electronically. Only the ROM has access to her electronic signature, which is password-protected. The Controller in Framingham will not pay invoices without the ROM's approval.

Thank you.

Sincerely,



Howard Hammond
Controller
Lighthouse Academies of Indiana, Inc.

We prepare our students for college through a rigorous arts-infused program.

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