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March 13, 2015

Charter School Board
Christel House Academy, Inc.
3980 Meadows Drive
Indianapolis, IN 46225

We have reviewed the Supplemental Audit Report prepared by Crowe Horwath, LLP, Independent Public Accountants, for the period July 1, 2013 to June 29, 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 three audit results and comments. Management's response directly following each finding.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Christel House Academy, 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, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
CHRISTEL HOUSE ACADEMY, INC.

MARION COUNTY, INDIANA
July 1, 2013 to June 29, 2014

CHRISTEL HOUSE ACADEMY, INC.

MARION COUNTY, INDIANA
July 1, 2013 to June 29, 2014

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CHRISTEL HOUSE ACADEMY, INC.
ACADEMY OFFICIALS
July 1, 2013 to June 29, 2014

| Office | Official | Term |
|---------------------------------|-----------------|-------------------------------|
| Chief Academic Officer/Director | Carey Dahncke | July 1, 2013 to June 29, 2014 |
| Chief School Business Officer | Lynda Brooks | July 1, 2013 to June 29, 2014 |
| Board Chairman | Murvin Enders | July 1, 2013 to June 29, 2014 |

INDEPENDENT ACCOUNTANTS REPORT ON COMPLIANCE
WITH GUIDELINES FOR THE AUDITS OF CHARTER
SCHOOLS PERFORMED BY PRIVATE EXAMINERS

Board of Trustees
Christel House Academy, Inc.
Indianapolis, Indiana

We have audited the financial statements of Christel House Academy, Inc. ("Academy") as of and for the period ended June 29, 2014, and have issued our report thereon, dated March 2, 2015.

In connection with that audit and with our consideration of Academy's internal control as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* ("Guide"), issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the period ended June 29, 2014.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to the Academy. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the Academy's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings as items 14-003, 14-004 and 14-005.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

The Academy's responses to the findings identified are described in the accompanying Schedule of Findings. The Academy's responses were not subjected to the procedures applied and, accordingly, we express no opinion on them.

Crowe Horwath LLP
Crowe Horwath LLP

Indianapolis, Indiana
March 2, 2015

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINDINGS
July 1, 2013 to June 30, 2014

FINDING 14-003: APPROVAL OF EMPLOYEE TIME CARDS AND CONTRACTS

Criteria: Part 8 of the Indiana Charter School Manual states in part, *“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.”*

Condition: During the testing of payroll compliance, it was noted that in of our sample of 22, four employees had contracts that were not signed by appropriate authorizing personnel and two employees had time cards that were not properly authorized.

Recommendation: We recommend management ensure contracts are maintained for all eligible employees and review and approve all employee timecards.

Management Response: Management concurs with this finding. With the addition of a human resource professional to staff, management has put additional controls in place to ensure all contracts are signed and all employee timecards are reviewed and approved with evidence of supervisory signature.

FINDING 14-004: INTERNAL CONTROLS – CONFLICT OF INTEREST

Criteria: Part 8 of the Indiana Charter School Manual states in part, *“The charter school administrators must be cognizant of the duties of care, loyalty, and obedience” and “Duty of loyalty requires that any conflict of interest, real or possible, always be disclosed in advance of being employed and when they arise. A charter school has a duty of obedience to insure that the school complies with applicable laws and regulations and its internal policies and procedures.”*

Condition: We reviewed the Academy’s conflict of interest policy and noted conflict of interest statements were not completed by board members for the period under review.

Recommendation: We recommend management obtain and retain a conflict of interest statement from each member of the Board of Directors.

Management Response: Management concurs with this finding. Conflict of interest statements will be provided to all board members for signature at the annual July board meetings.

FINDING 14-005: USE OF PRESCRIBED SCHOOL LUNCH FORMS

Criteria: Part 10 of the Indiana Charter School Manual states in part, *“All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.”*

Condition: The following forms were not utilized by the Academy:

- School Food, Daily Record of Cash Received (SF-2)
- School Food Daily Record of Meals/Milk Served (SF-2A)
- School Food, Cash Disbursements and Fund Balance (SF-3)

Recommendation: We recommend management use the prescribed forms.

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINDINGS
July 1, 2013 to June 30, 2014

Management Response: The network of Christel House schools utilizes a point of sale (POS) system to manage all food service program transactions. This system produces the daily records of cash receipts, disbursements and meals served. On February 17, 2015, management submitted copies of the forms generated from the POS system to the SBOA requesting approval for use.

CHRISTEL HOUSE ACADEMY, INC.
EXIT CONFERENCE
July 1, 2013 to June 29, 2014

The contents of this report were discussed on February 13, 2015, with Lynda Brooks, Chief School Business Officer. The official concurred with the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous pages.