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January 29, 2016

Charter School Board
Indianapolis Academy of Excellence, Inc.
1145 E. 22nd St.
Indianapolis, IN 46202

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. 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 and 4 contain three audit results and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Indianapolis Academy of Excellence, 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
INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.
MARION COUNTY, INDIANA
July 1, 2014 to June 30, 2015



INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

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INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Rosemily Geyer	07/01/14 – 06/30/15
School Leader	Joe Burleson	07/01/14 – 05/31/15
	Tara Gustin	06/01/15 – 05/30/15
School Treasurer	Joe Burleson	07/01/14 – 05/31/15
	Tara Gustin	06/01/15 – 06/30/15



The Board of Directors
Indianapolis Academy of Excellence, Inc.

We have audited the financial statements of **Indianapolis Academy of Excellence, Inc.** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated December 1, 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.

Donovan P.C.

Indianapolis, IN
December 1, 2015

INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

VENDOR DISBURSEMENTS

We selected for examination a sample of 49 vendor disbursement transactions from throughout the 2015 fiscal year. Within this sample, we noted two instances where late fees were paid and twelve instances where sales tax was paid.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

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 shall 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)

PAYROLL COMPLIANCE

The School was unable to provide employment contracts or other form of documentation to support employee compensation rates for four of its twelve employees.

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

INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

July 1, 2014 to June 30, 2015

SCHOOL LUNCH REPORTING AND ELIGIBILITY

The School could not provide documentation to support that the federally-required verification of financial data was completed with regard to eligibility of students for free or reduced-price meals. Additionally, the School could not provide documentation to support the number of meals claimed for reimbursement for the sample periods selected for examination.

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.).

The State Board of Accounts is of the audit position charter schools shall request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. The written communication to the Department of Education must also request a determination if any increases or decreases in funding will result to the charter school because of the concerns noted with the verification process. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

The governing board is charged with the duty to preserve, keep, maintain, or file all the official records of the political subdivision pursuant to IC 5-15-1-1.

A public record is defined as all documentation of the informational, communicative or decision-making processes of the political subdivision in connection with the transaction of public business or governmental functions, which documentation is created, received, retained, maintained, or filed by the political subdivision as evidence of its activities or because of the information value of the data in the documentation, and which is generated on paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics. [IC 5-15-5.1-1] (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 12)

INDIANAPOLIS ACADEMY OF EXCELLENCE, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on December 9, 2015 with Rosemily Geyer (Board President) and Tara Gustin (School Leader). The Official Response has been made a part of this report and may be found on page 6.



A Challenge Foundation Academy

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December 15, 2015

Responses to Findings in the 2014-2015 Audit

Finding 1

There were 49 cash disbursement transactions throughout the 2015 fiscal year. Within the testing of the records, it was found that we paid late fees on two items and there were twelve instances where sales tax was paid.

IAE staff is going through all files and invoices from different vendors to ensure we are not being charged tax. We will continue to scrub the invoices and file for a refund as we come across errors. Moving forward, we will make sure that all vendors have our ST-105 form.

In the past, invoices were only sent to Bookkeeping Plus twice a month. Going forward, weekly packages with invoices will be sent to Bookkeeping Plus to ensure a timely response to all invoices.

Finding 2

The school was unable to provide staff contracts and other documentation to support compensation rates for four of the twelve employees.

IAE now has Human Resource files for all employees with copies of the contracts and other pertinent documents. All employee contracts have been sent to Bookkeeping Plus for the 2016 fiscal year. Part-time employees are being tracked using a spreadsheet that is given to payroll biweekly.

Employees are required to submit "Request for Time Off" forms for PTO tracking. In addition, teachers are required to sign in and out each day to verify hours. All forms of documentation are kept in the employee HR files, which remains locked.

Finding 3

IAE could not provide proper documentation of the eligibility of students for free or reduced lunch. For the months that were tested, there was not documentation that supported the claim for reimbursement.

Background: Based on the contract that Joseph Burleson had between IAE and Beach Bound Catering, our records show a discrepancy. It states that there would be 200 meals served throughout the day, 100 at breakfast and 100 at lunch.

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Indianapolis, IN 46202**

Our largest enrollment for the 2015-2016 school year was 68 students; not all of them ate breakfast or lunch on a daily basis. Per the contract, we were being charged for the 200 meals but could not claim reimbursement for them. Other than the IDOE report filed for IAE, there were no records showing which students were eligible for free/reduced lunch.

For the 2016 fiscal year, the contract states that IAE will be charged based on the amount of meals served each day. This corrects the discrepancy from the 2014-2015 school year. Currently, our records are correct. IAE-CFA qualified for the Community Eligibility Program; therefore, 100% of our students may receive free breakfast and lunch. IAE must still keep track of the records. There is a file and checklist to show all students who have applied or are directly certified for free and reduced lunch. IAE-CFA and Beach Bound also reconcile records on a regular basis. The IAE-CFA enrollment packets for the 2016-2017 school year will include the free/reduced lunch applications.

