



STATE OF INDIANA
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B46907

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September 20, 2016

Charter School Board
Dr. Robert H. Faulkner Academy
1111 W. 2nd Street
Marion, IN 46952

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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. Page 3 contains one audit result and comment.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the Dr. Robert H. Faulkner 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
DR. ROBERT H. FAULKNER ACADEMY, INC.
GRANT COUNTY, INDIANA
July 1, 2015 to June 30, 2016



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DR. ROBERT H. FAULKNER ACADEMY, INC.
GRANT COUNTY, INDIANA
School Officials
July 1, 2015 to June 30, 2016

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Jeanne Goble	07/01/15 – 06/30/16
School Director	Janice Adams	07/01/15 – 06/30/16
School Treasurer	Arthur Faulkner	07/01/15 – 06/30/16



The Board of Directors
Dr. Robert H. Faulkner Academy, Inc.

We have audited the consolidated financial statements of Dr. Robert H. Faulkner Academy, Inc. (the "School") as of and for the year ended June 30, 2016 and have issued our report thereon dated September 6, 2016. 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

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive, slightly stylized font.

Indianapolis, Indiana
September 6, 2016

DR. ROBERT H. FAULKNER ACADEMY, INC.
GRANT COUNTY, INDIANA
Audit Results and Comments
July 1, 2015 to June 30, 2016

PAYROLL POLICIES AND COMPLIANCE

We selected a sample of fifteen employees from the 2016 fiscal year with which to test the process for calculating, accumulating and recording payroll expense. From this sample, the School could not produce contracts for three employees that agreed to the amounts they were compensated. One of these errors related to the contract for the School Leader, for whom contracts are not executed every year. The other two errors related to employees who had pay rate changes mid-year which were approved by resolution of the Board of Directors, but not documented in signed contracts.

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

DR. ROBERT H. FAULKNER ACADEMY, INC.
GRANT COUNTY, INDIANA
Exit Conference
July 1, 2015 to June 30, 2016

The contents of this report were discussed on September 6, 2016 with Mrs. Jeanne Goble (President of Board of Directors), Mrs. Kelli Dilley (Office Manager). The Official Response has been made a part of this report and may be found on page 5.



DR. ROBERT H. FAULKNER ACADEMY

“Stop • Think • Achieve”

September 1, 2016

Donovan CPAs/Advisors
9245 N. Meridian Street, Suite 302
Indianapolis, IN 46260

RE: Official Response

Dr. Robert H. Faulkner Academy's response to the audit result is:

- *Payroll Policies and Compliance:*

Dr. Robert H. Faulkner Academy will secure updated contracts for each employee whenever a change in pay or status occurs. Dr. Robert H. Faulkner Academy will also require Leona Group to provide a School Leader contract during each contract cycle.

Please see the attached documents.

Thank you for assisting with our audit.

Sincerely,

Kelli D. Dilley

Kelli Dilley
Office Manager