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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

September 20, 2016

Charter School Board
New Community School
1904 Elmwood Avenue
Lafayette, IN 47904

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 through 4 contain two audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the New Community 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
THE NEW COMMUNITY SCHOOL, INC.

TIPPECANOE COUNTY, INDIANA

July 1, 2014 to June 30, 2015



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THE NEW COMMUNITY SCHOOL, INC.
TIPPECANOE COUNTY, INDIANA
School Officials
July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Allison Granger	07/01/14 – 06/30/15
Executive Director	Leitha Stone	07/01/14 – 06/30/15
Director of Finance and Operations	Daniel Beaver	07/01/14 – 06/30/15



The Board of Directors
The New Community School, Inc.

We have audited the financial statements of **The New Community School, Inc.** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated September 8, 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 black ink that reads 'DONOVAN'. The signature is written in a cursive style with a large, prominent 'D'.

Indianapolis, Indiana
September 8, 2016

www.cpadonovan.com

Avon Office | 5151 E. U.S. HWY 36 Avon, IN 46123 | 317.745.6411

Indianapolis Office | 9245 North Meridian Street, Ste. 302 Indianapolis, IN 46260 | 317.844.8300

THE NEW COMMUNITY SCHOOL, INC.
TIPPECANOE COUNTY, INDIANA
Audit Results and Comments
July 1, 2014 to June 30, 2015

VENDOR DISBURSEMENTS

We selected and examined a sample of 28 vendor disbursement transactions from throughout the year. Within this sample we noted three instances where the AP voucher was not approved by school officials before payment was made.

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)

THE NEW COMMUNITY SCHOOL, INC.
TIPPECANOE COUNTY, INDIANA
Audit Results and Comments
July 1, 2014 to June 30, 2015

CREDIT CARD POLICY AND COMPLIANCE

The School utilized business credit cards for various purchases. In our testing of five credit card statements, we noted that interest payments and penalties were paid on all five statements tested, resulting in \$649.91 of interest and fees paid in our sample.

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided the following criteria are observed:

1. The charter school must authorize credit card use through an appropriate policy.
2. Issuance and use shall be handled by an employee designated by the charter school.
3. The purposes for which the credit card may be used must be specifically stated in the policy.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the designated employee.
5. The designated employee must maintain an accounting system or log which would include the names of individuals requesting the usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track expenses to provide the charter school and other administration with timely and accurate accounting information and monitoring of the accounting system.
7. Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

THE NEW COMMUNITY SCHOOL, INC.
TIPPECANOE COUNTY, INDIANA
Exit Conference
July 1, 2014 to June 30, 2015

The contents of this report were discussed on September 2, 2016 with Jason King (Board President), Trudie Hedrick (Executive Director), and Daniel Beaver (Director of Finance and Operations). The Official Response has been made a part of this report and may be found on page 6.

New Community School
1904 Elmwood Ave
Lafayette, IN 47906
(765) 420-9617

Supplemental Audit Report Response

For Period of July 1, 2014 to June 30, 2015

1. In regard to instance where AP vouchers were not approved by school officials before payment was made:

The school recognizes that in this instance a clerical oversight was made and has reviewed the approval process internally. Alternate measures have been identified and suggested that will allow for further internal review before permanently filing the claim. This should reduce/eliminate vouchers missing the required signatures.

2. In regard to the testing of credit card statements the finding of interest being paid:

The school is aware of the instances where interest has been paid. Internal discussions and review has noted that proper credit card policy procedures have been followed and that the paid interest was not a result of missing documentation. Receipts and invoices have been supplied and retained to substantiate usage. The resulting interest and penalties have been due to cash flow and intentional payments being made to reduce the balance, but not necessarily pay it in full.

The school recognizes the need to eliminate the payment of interest on the credit card. Additional discussions are aimed to reduce any remaining balance and work toward only processing payments that will pay the balance in full each month. Additional discussions will also look at eliminating corporate credit card usage completely.

