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January 13, 2017

Charter School Board
Herron High School
110 East 16th Street
Indianapolis, IN 46202

We have reviewed the Supplemental Audit Report prepared by Katz, Sapper & Miller LLP, 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 findings in the report. Page 3 contains three audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Herron High 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
HERRON HIGH SCHOOL, INC.**

MARION COUNTY, INDIANA
JULY 1, 2015 TO JUNE 30, 2016

HERRON HIGH SCHOOL, INC.

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HERRON HIGH SCHOOL, INC.

SCHOOL OFFICIALS

Office	Official	Term
Treasurer	Juli Woodrum	07-01-15 to 06-30-16
Superintendent of Schools	Janet H. McNeal	07-01-15 to 06-30-16
Board Treasurer	Adrien Miller	02-01-16 to 06-30-16
President of the Charter School Board	Joanna Taft	07-01-15 to 06-30-16

*Independent Auditors' Supplemental
Audit Report*

Board of Directors
Herron High School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Herron High School, Inc., and its Wholly-Owned Subsidiary as of and for the year ended June 30, 2016, and have issued our report thereon dated December 27, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that Herron High School, Inc. failed to comply with the conditions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines for Audits of State and Local Governments by Authorized Private Examiners*, established by the Indiana State Board of Accounts, except as stated in the Audit Results and Comments.

This report is intended solely for the information and use of the Board of Directors and management of Herron High School, Inc. and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
December 27, 2016

**HERRON HIGH SCHOOL, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS**

Year Ended June 30, 2016

PRESCRIBED FORMS

The capital asset inventory is not kept on a prescribed or approved form.

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*, Chapter 10)

POLICY FOR UNCOLLECTIBLE ACCOUNTS

Management does currently follow-up on accounts outstanding and is following a process, but there is currently not an approved documented policy.

The charter school must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Chapter 10)

TRAVEL REIMBURSEMENTS

The employee travel reimbursements selected did not have a written claim form, only receipts for expenses were submitted. Three items were selected and none of them had the appropriate form.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Chapter 8)

**HERRON HIGH SCHOOL, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE**

The contents of this report were discussed on October 7, 2016 with Juli Woodrum, Treasurer; Adrian Miller, Board Treasurer; Janet McNeal, Superintendent of Schools; Mark Nottingham, William McWhirter and Stacey Roberts. The officials concurred with our audit findings.

The Official Response has been made a part of this report and may be found on pages 5 and 6.

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Indianapolis, Indiana 46202
317-231-0010
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October 21, 2016

Katz, Sapper & Miller
800 East 96th Street, Suite 500
Indianapolis, IN 46240

Re: OFFICIAL RESPONSE

To Whom It May Concern:

As an official response to recommendations provided in the Supplemental Audit Report that accompanies the audit report of Herron High School for the year ended June 30, 2016, Herron High School respectfully submits the following response to your recommendations:

Prescribed Forms

The capital asset inventory is not kept on a prescribed or approved form.

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*, Chapter 10)

Management Response The capital asset inventory was maintained by Bookkeeping Plus for the fiscal year ended June 30, 2016. Management has brought all bookkeeping in-house and implemented Intacct as its financial package. A capital asset inventory is maintained inside the Fixed Asset module of Intacct. Management is in the process of obtaining approval from the State Board of Accounts to ensure the reports generated from Intacct can be used in lieu of the prescribed forms.

Policy for Uncollectible Accounts

Management does currently follow-up on accounts outstanding and is following a process, but there is currently not an approved policy.

The charter school must have a written policy concerning a procedure for writing off bad debts, uncollectible accounts receivable, or any adjustments to record balances. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Chapter 10)

Management Response HHS does not record student fees or outstanding lunch balances as receivables. If an account is still outstanding at the end of the school year, management considers it highly unlikely that it will be collected. However, management does have a process for following up on outstanding accounts, including turning the account over to collections. This process has

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evolved as the student population has significantly increased. With replication in the near future, we recognize the importance of documenting this process.

Travel Reimbursements

The employee travel reimbursements selected did not have a written claim form, only receipts for expenses were submitted.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8*)

Management Response Management will develop a claim form and submit it for approval to the State Board of Accounts with the implementation of revised internal control processes as a result of the implementation of Intacct.

We appreciate the recommendations provided by your team. If you require further information or clarification, please do not hesitate to contact me directly at jwoodrum@herronhighschool.org or 317.231.0010 x1109.

Respectfully,

Juli Woodrum
Vice President & Chief Financial Officer