



STATE OF INDIANA
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February 13, 2017

Charter School Board
Alternatives in Education, Inc.
d/b/a Marion Academy
2107 N. Riley Ave
Indianapolis, IN 46218

We have reviewed the Supplemental Audit Report prepared by Greenwalt CPAs, Inc., 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. Pages 3 through 4 contain five audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Alternatives in Education, Inc. d/b/a Marion 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
ALTERNATIVES IN EDUCATION, INC.
D/B/A MARION ACADEMY
MARION COUNTY, INDIANA
JULY 1, 2015 TO JUNE 30, 2016

GREENWALT CPAs
We Deliver Peace of Mind

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY
SUPPLEMENTAL AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2016

School Officials.....	1
Transmittal Letter	2
Audit Results and Comment	3
Exit Conference	5

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Director Marion Academy	LaToya Black	N/A
Chairman of the Board Of Directors	Judge Clark Rogers	7/1/15 to 12/31/16
Secretary of the Board Of Directors	Regina Ashley	11/20/15 to present

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To the Board of Directors of
Alternatives in Education, Inc. d/b/a Marion Academy:

We have audited the financial statements of Alternatives in Education, Inc. d/b/a Marion Academy as of and for the year ended June 30, 2016 and have issued our report thereon dated January 27, 2017.

In connection with that audit and with our consideration of Marion Academy's internal controls 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 year ended June 30, 2016.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to Marion Academy. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the Marion 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 Audit Results and Comments.

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.

Greenwalt CPAs, Inc.

January 27, 2017

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

No verification by the designated employee for cash disbursements.

We noted four out of forty disbursements selected were not certified by the designated employee's signature.

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 and 8)

Credit card disbursements were not verified by the designated employee.

We identified that accounts payable vouchers for the five credit card expenses selected were not signed by the appropriate individual certifying that they had reviewed the invoices.

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 and 8)

No Average Daily Membership (ADM) or student information reports were provided in order to complete testing of this compliance step.

Copies of ADM and student information reporting due October 14, 2015 and February 25, 2016 were not kept for support and management was unable to obtain the reporting support from the Indiana Department of Education's reporting website.

AVERAGE DAILY MEMBERSHIP (ADM)

The Organizer shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level administrator (Principal, Assistant Principal, etc.) who is responsible for reporting ADM to the Organizer, shall provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

STUDENT INFORMATION REPORTING

Not later than the date established by the Indiana Department of Education (IDOE) for determining ADM, and after May 31 each year, the organizer shall submit to the IDOE the following information of a form prescribed by the IDOE: (1) The number of students enrolled in the charter school. (2) The name and address of each student. (3) The name of the school corporation in which the student has legal settlement. (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year. (5) The grade level in which the student will enroll in the charter school, IC 20-24-7-2. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS. CONTINUED

Form 9 Biannual Financial Report

We noted no signature for the Superintendent/Director position on the June 30, 2016 Biannual Financial Report. In addition, the form was not dated in order to confirm date of submission. Petty cash of \$700 was also omitted from the cash balance reporting at December 31, 2015 and June 30, 2016.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. In order to not duplicate efforts, the State Board of Accounts considers the combination of the two 6 month periods for each school year on the Indiana Department of Education's (I DOE) Form 9 Biannual Financial Report as the annual report for charter schools.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30.

Charter schools must file Form 9 information electronically with the Office of School Finance. Questions related to Form 9 filing and other requirements can be directed to staff in the Office of School Finance at 317-232-0840 or by emailing www.form9@doe.in.gov.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9.)

Textbook Reimbursement Form

We noted supporting documents for textbook reimbursements were not kept as proof of reimbursement for free/reduced textbooks for qualifying students.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8.)

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY.

MARION COUNTY, INDIANA

EXIT CONFERENCE

The contents of this report were discussed on January 27, 2017 with School Officials – LaToya Black, School Director and Regina Ashley, Board Secretary. The officials concurred with our findings.