



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B47734

STATE BOARD OF ACCOUNTS
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February 24, 2017

Charter School Board
Indiana College Preparatory School, Inc.
4050 E 38th St
Indianapolis, IN 46218

We have reviewed the Supplemental Audit Report prepared by Donovan PC, 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. Pages 3 through 4 contain four audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the Indiana College Preparatory School, 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
INDIANA COLLEGE PREPARATORY SCHOOL, INC.**

MARION COUNTY, INDIANA

July 1, 2015 to June 30, 2016



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INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION 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	Nicole McDonald	07/01/15 – 06/30/16
Treasurer of Board of Directors	Lonnie Tate	07/01/15 – 06/30/16
Business Manager	Dave Massa	07/01/15 – 06/30/16



The Board of Directors
Indiana College Preparatory School, Inc.

We have audited the financial statements of Indiana College Preparatory School, Inc., (the “School”) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 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 purple ink that reads 'Donovan' in a cursive script.

Indianapolis, Indiana
December 22, 2016

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2015 to June 30, 2016

VENDOR DISBURSEMENTS

The School uses accounts payable vouchers and pays all bills based on statements or invoices received from vendors. While all of the vouchers selected for testing included a signature of the individual requesting the disbursement, no signature of the individual approving the payment was included on the vouchers.

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)

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period July 1, 2015 to June 30, 2016 revealed that the June 30 cash balance in the Public Charter School Program grant fund did not accurately reflect the ending balance in the grant. The expenditures recorded in the fund were too low, causing the School to reflect a refundable advance of \$30,749, when the accounting records show a receivable due to the School of \$19,400.

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 July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2015 to June 30, 2016

CAPITAL ASSET REPORTING

As the School was in its first year of operations during the 2015-2016 school year, the School did not conduct a formal capital assets inventory. The School also does not keep a complete fixed asset listing to support the depreciation recorded each year.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

RECEIPTS AND DEPOSITS

The School used receipt books to record payments received throughout the year from individuals, however, the School did not retain documentation to trace the deposits collected to timely deposit in the School's bank account.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2015 to June 30, 2016

The contents of this report were discussed on December 22, 2016 with Lonnie Tate (Treasurer of the Board of Directors) and Dave Massa (Business Manager). The Official Response has been made a part of this report and may be found on page 6.



4050 East 38th Street, Indianapolis, Indiana 46218 | 317-554-2021 | info@icanschools.org

Donovan CPAs
9345 N. Meridian Street, Suite 302
Indianapolis, IN 46260

RE: Official response to Indiana State Board of Accounts compliance findings:

VENDOR DISBURSEMENTS:

Finding:

The School uses accounts payable vouchers and pays all bills based on statements or invoices received from vendors. While all of the vouchers selected for testing included a signature of the individual requesting the disbursement, no signature of the individual approving the payment was included on the vouchers.

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)

School Response:

Although the Form 523 was utilized during the course of the fiscal year, the School will implement new procedures to ensure additional signatures are obtained on each disbursement to reflect the appropriate level of approval and authorization.

MISSION: To prepare students for a college preparatory high school that will ensure success and graduation from a four year college.



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FINANCIAL REPORTING:

Finding:

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period July 1, 2015 to June 30, 2016 revealed that the June 30 cash balance in the Public Charter School Program grant fund did not accurately reflect the ending balance in the grant. The expenditures recorded in the fund were too low, causing the School to reflect a refundable advance of \$30,749, when the accounting records show a receivable due to the School of \$19,400.

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 July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

School Response:

The School identified a receivable in the PCSP Fund after the Form 9 had already been filed for the 2015-2016 School year, thus causing the noted difference in the Fund balance. However, the overall cash balance for the School was stated correctly. Going forward, the School will work to more timely identify such adjustments that could impact the Form 9 and fund balance reporting.

MISSION: To prepare students for a college preparatory high school that will ensure success and graduation from a four year college.



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CAPITAL ASSET REPORTING:

Finding:

As the School was in its first year of operations during the 2015-2016 school year, the School did not conduct a formal capital assets inventory. The School also does not keep a complete fixed asset listing to support the depreciation recorded each year.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

School Response:

The School acknowledges this finding and will be conducting a physical inventory of all capital assets in the current fiscal year.

MISSION: To prepare students for a college preparatory high school that will ensure success and graduation from a four year college.



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RECEIPTS AND DEPOSITS:

Finding:

The School used receipt books to record payments received throughout the year from individuals, however, the School did not retain documentation to trace the deposits collected to timely deposit in the School's bank account.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

School Response:

While the far majority of State and Federal funds are received by the School via direct deposit, the School does receive a small amount of monies on site that are collected and deposited locally. During the course of the 2015-2016 school year, the appropriate level of documentation was not maintained by the School to show how each receipt traced into the actual deposit. However, this will be corrected in the current fiscal year so that clear documentation and evidence will be available to support these deposits in future periods.

David Massa, Business Manager

12.22.16

Date

MISSION: To prepare students for a college preparatory high school that will ensure success and graduation from a four year college.