



STATE OF INDIANA
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March 21, 2017

Charter School Board
The Signature School, Inc.
610 Main Street
Evansville, IN 47708

We have reviewed the Supplemental Audit Report prepared by Kemper CPA Group, 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. Pages 4 through 6 contain four audit results and comments. Management's response is on page 8.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for The Signature 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

THE SIGNATURE SCHOOL, INC.

Vanderburgh County, Indiana

**SUPPLEMENTAL COMPLIANCE
EXAMINATION REPORT**

Year Ended June 30, 2016



THE SIGNATURE SCHOOL, INC.

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THE SIGNATURE SCHOOL, INC.

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Charter School Board	Robert L. Koch, II	7/1/15 to 6/30/16
Executive Director	Jean Hitchcock	7/1/15 to 6/30/16
Treasurer	Susan Parsons	7/1/15 to 6/30/16
Director of Finance	Ashley DiMarco	7/1/15 to 6/30/16



TRANSMITTAL LETTER

Board of Directors
The Signature School, Inc.

We have audited the records of The Signature School, Inc. (School) for the period from July 1, 2015 to June 30, 2016, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of the School for the year 2016.

Kemper CPA Group, LLP

Evansville, Indiana
March 8, 2017

Certified Public Accountants and Consultants



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
The Signature School, Inc.

We have examined The Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2016. Management is responsible for the School's compliance with those requirements. Our responsibility to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements prescribed by the Indiana State Board of Accounts in *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

Our examination disclosed certain instances of noncompliance with the Manual, as described in the Audit Results and Comments.

In our opinion, except for the noncompliance described in the third paragraph, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

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

Kemper CPA Group, LLP

Evansville, Indiana
March 8, 2017

Certified Public Accountants and Consultants

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2016

Receipts and Deposits

Our testing revealed that the School does not issue or record receipts at the time of the transaction. Further the School does not make deposits within one business day following receipt of the funds.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. 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.

Credit Card Charges

During our testing it was noted that two credit card charges did not have detailed receipts to support the payments made.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: 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.

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2016

Conflict of Interest Form

One employee did not have a conflict of interest form on file.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 13:
Pursuant to IC 5-16-11-5.5, a consultant has a conflict of interest if any of the following apply:

The consultant or the consultant's spouse is employed by the entity.

Disclosure Requirements

A conflict of interest must be disclosed as follows:

1. A consultant shall file a conflict of interest disclosure if the consultant has a conflict of interest under IC 5-16-11-5.5.
2. The disclosure must describe the conflict of interest.
3. The consultant shall file the disclosure within ten (10) days of the earlier of the following event:
 - a. The closing day for receipt of bids.
 - b. The award of the contract.
4. The consultant shall file the disclosure required by IC 5-16-11-6 with the governing board, if the consultant contracts with the political subdivision. IC 5-16-11-7
5. The consultant shall make the disclosure required by IC 5-16-11-6 under affirmation. IC 5-16-11-6,7,8

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2016

Bad Debts and Uncollectible Accounts

Our testing revealed that the School is not following its internal policy regarding bad debts and uncollectible accounts. The School's policy states that accounts over 30 days past due will receive verbal contact, over 60 days will receive a letter and over 180 days will be written off and turned over to collections agency. Section 10 of the Charter School Manual requires the School to maintain documentation for all efforts made by the School to collect amounts owed prior to write offs. At the end of the fiscal year there were numerous accounts that were in excess of 180 days that had not been turned over for collections. Additionally, the School did not maintain documentation for all efforts made to collect the outstanding accounts.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10. The charter school must have a written policy concerning a procedure for writing off of bad debts, uncollectible accounts receivable or any adjustments to record balances. Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Exit Conference
Year Ended June 30, 2016

The contents of this report were discussed on February 13, 2017, with the following persons:

Susan Parsons, Treasurer
Ashley DiMarco, Bookkeeper

The Official Response has been made a part of this report and may be found on page 8.



To whom it may concern:

In response to the Audit Report by Kemper CPA Group, LLC of Signature School's financial statements ending June 30, 2016:

Audit Report

Receipts and Deposits

Signature School's staff is very small and daily deposits are difficult when the staff begins work before banks are open and past the bank closing time, and the downtown depository location convenient for mid-day deposits has proven unreliable. Signature School office staff have put much thought and effort toward finding a guaranteed daily solution and will continue to do so, but a failsafe solution has not yet been found.

Conflict of Interest Form

The missing Conflict of Interest Form was on a teacher who transitioned from a consultant to an employee mid-year and the annual Conflict of Interest was overlooked in the transition. The form is distributed at the staff meeting just before the first day of school, and administration tracks the collection of the Conflict of Interest form based on the staff list at that time. The Conflict of Interest form has been added to the electronic new hire forms folder to assist in catching instances such as this in the future.

Credit Card Charges

On rare occasion, a credit card receipt is misplaced and not available to attach to the applicable voucher and request for payment forms. Going forward, the Finance Director will make certain support for all expenditures is obtained or else the School be reimbursed, despite whether the charge is a known, authorized and approved charge.

Bad Debts and Uncollectible Accounts

Signature School's uncollectible accounts policy was outdated and not feasible for the limited staff to adhere to. The board of directors approved an updated policy in December 2016 that defers individual phone calls as a last resort so fewer calls should need to be made. In addition, in the fall of 2016 the position of Finance Director/IT Coordinator was divided into two full-time positions, allowing the Finance Director more time to follow up on outstanding invoices and document collection attempts, according to the new policy.

Sincerely,

Susan F. Parsons
Treasurer
Signature School