



STATE OF INDIANA
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July 16, 2013

Charter School Board
Duneland Charter School, Inc. d/b/a Discovery Charter School
800 Canonie Drive
Porter, IN 46304

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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 three audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Duneland Charter School, Inc. d/b/a Discovery Charter 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.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT

OF

DUNELAND CHARTER SCHOOL, INC.

d/b/a

DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

July 1, 2011 to June 30, 2012

Fitzgerald | Isaac LLC
Certified Public Accountants

DUNELAND CHARTER SCHOOL, INC.

d/b/a

DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

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DUNELAND CHARTER SCHOOL, INC.
d/b/a
DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

School Officials

Year Ended June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Laurie Metz	07/01/11 – 06/30/12
Principal	Ernesto Martinez	07/01/11 – 06/30/12
Treasurer	Jennifer Little	07/01/11 – 06/30/12

The Board of Directors
Duneland Charter School, Inc.

We have audited the financial statements of **Duneland Charter School, Inc. d/b/a Discovery Charter School** (the "School") as of and for the year ended June 30, 2012 and have issued our report thereon dated May 1, 2013. 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.

Fitzgerald / Isaac LLC

Indianapolis, IN
May 1, 2013

DUNELAND CHARTER SCHOOL, INC.
d/b/a
DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

VENDOR DISBURSEMENTS

We selected and examined a sample of 47 cash disbursement transactions from throughout the year. Within this sample we noted five instances where the accounts payable voucher did not contain an indication of the fund number.

A fund, as used in the manual, represents money set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3).

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, Part 10).

RECEIPTS AND DEPOSITS

The School issues receipts for various items including textbook fees, uniforms, school lunch and various other items. We noted in 11 instances of the 25 receipts tested that the bank deposit was not made in a timely manner. The period of time between receipt of payment and deposit in the bank ranged from 8 days to 28 days.

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).

DUNELAND CHARTER SCHOOL, INC.

d/b/a

DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

Audit Results and Comments, Continued

TEXTBOOK RENTALS

The School maintains a process for textbook rentals, but it does not utilize the state-approved textbook rental form (TBR-2) to record the rental transactions. The School also pursues delinquent accounts for collection, but does not have a formal policy to address uncollectible accounts and the process for write-off.

This form [TBR-2] is to be prenumbered and printed in triplicate. The form, one set for each student, is to be prepared when textbooks and related materials are issued to the student. The form provides for the date the textbooks were issued, the name of the student and the total fee collected. The completed form shall be signed by the issuing officer who could be the treasurer or someone designated by the treasurer to issue the textbooks and collect the rental fees. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2).

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. 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

DUNELAND CHARTER SCHOOL, INC.

d/b/a

DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on July 3, 2013, with Allan Gabriele (Board Treasurer), Thomas Aubin (AQS Vice-President), and Josh Samuelson (AQS Senior Account Specialist). The Official Response has been made a part of this report and may be found on page 6.

**DUNELAND CHARTER SCHOOL , INC.
d/b/a
DISCOVERY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2012**

OFFICIAL RESPONSE TO AUDIT RESULTS

VENDOR DISBURSEMENTS

American Quality Schools, Inc. (AQS), Discovery Charter School's EMO, will discuss the issue with school administration to ensure that expenses submitted for processing are always identified as to the fund with which they pertain. Expenses not properly identified by fund will not be processed for payment.

RECEIPTS AND DEPOSITS

AQS will discuss the issue with the school administration to ensure funds are deposited timely as per SBOA guidelines.

TEXTBOOK RENTALS

A policy/procedure for the write-off delinquent accounts will be discussed with school administration and incorporated into a written policy to be followed. Textbook rentals will be documented on the state-approved textbook rental form TBR-2.