



STATE OF INDIANA
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B42643

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September 19, 2013

Charter School Board
Options Charter School – Carmel, Inc.
530 West Carmel Drive
Carmel, IN 46034

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 two audit results and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Options Charter School – Carmel, 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.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT
OF
OPTIONS CHARTER SCHOOL – CARMEL, INC.
HAMILTON COUNTY, INDIANA
July 1, 2011 to June 30, 2012

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

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OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

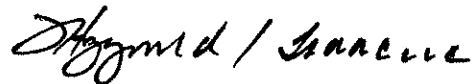
School Officials

Year Ended June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Scott McIntyre	07/01/11 – 06/30/12
Director	Mike Gustin	07/01/11 – 06/30/12
Treasurer	Sherrie Bly	07/01/11 – 06/30/12

The Board of Directors
Options Charter School – Carmel, Inc.

We have audited the financial statements of **Options Charter School – Carmel, Inc.** (the “School”) as of and for the year ended June 30, 2012 and have issued our report thereon dated June 7, 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.



Indianapolis, IN
June 7, 2013

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

CAPITAL ASSETS

The School maintains a record of capital assets for accounting purposes; however, the School does not routinely conduct a physical inventory of its capital assets as a means to verify its asset records.

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).

VENDOR DISBURSEMENTS

We selected and examined a sample of 40 cash disbursement transactions from throughout the year. Within this sample we noted the following:

- In 9 instances, proper account coding was not present on the AP voucher.
- In 9 instances, dollar amounts were not present in account coding on the accounts payable vouchers.
- In 22 instances, the accounts payable voucher was approved after the check was written.

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).

OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Audit Results and Comments, Continued

Compensation and any other payments for goods and services shall not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received shall be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

The Accounts Payable Voucher (Form 523)...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).

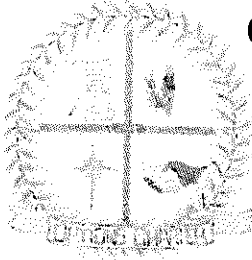
OPTIONS CHARTER SCHOOL – CARMEL, INC.

HAMILTON COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on June 17, 2013 with Mike Gustin (Principal), Sherrie Bly (Treasurer), and Jamyce Curtis-Banks (Board Member). The Official Response has been made a part of this report and may be found on page 6.



Options in Education Foundation, Inc.

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OPTIONS CHARTER SCHOOL – CARMEL
Barbara Maschino, Principal 317-815-2098

OPTIONS CHARTER SCHOOLS
Mike Gustin, President 317-773-8659

OPTIONS CHARTER SCHOOL- NOBLESVILLE
Michelle Walden, Principal 317-773-8659

Date: July 16, 2013

To: Fitzgerald and Isaac

From: Mike Gustin, President

Reason: **Audit Response for Options Charter Schools- Carmel**

Item 1: Capital Assets

Options Charter Schools- Noblesville does conduct an annual audit of capital assets and a Capital Assets Ledger was sent to the auditors for their review. However, the completed tracking sheets used during the annual capital assets review was not kept. There is now a directive for the tracking sheets to be kept for auditor review.

Item 2: Vendor Disbursements

In 9 instances, proper accounting coding was not present on the accounts payable voucher. The proper account coding was missing when it was being sent to multiple accounts. The treasurer has been directed by the president to print all proper account coding on all vouchers regardless of the number of accounts.

In 9 instances, dollar amounts were not present | account coding on the accounts payable vouchers. The bookkeeper has been instructed to always have dollar amounts on the accounts payable voucher. The president at the bi-weekly meetings can monitor this.

In 22 instances, the accounts payable voucher was approved after the check was written. This bookkeeping issue has been corrected by establishing a bi-weekly meeting between the Options Charter Schools' President and Treasurer to review and sign all vouchers prior to mailing.

If further information or clarification is required, please feel free to contact me.

Sincerely,

Mike Gustin, President
Options Charter Schools