



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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October 14, 2015

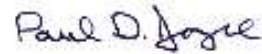
Charter School Board
Renaissance Academy, Inc.
4093 West U.S. Highway 20
LaPorte, IN 46350

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. 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 6 contain five 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 Renaissance Academy, 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, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
July 1, 2013 to June 30, 2014

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

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RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

School Officials

July 1, 2013 to June 30, 2014

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------------------|-----------------|---------------------|
| President of Board of Directors | Susan Cress | 07/01/13 – 06/30/14 |
| Head of School | Kieran McHugh | 07/01/13 – 06/30/14 |
| Treasurer | Isis Cains | 07/01/13 – 06/30/14 |

The Board of Directors
Renaissance Academy, Inc.

We have audited the financial statements of Renaissance Academy, Inc. (the "School") as of and for the year ended June 30, 2014 and have issued our report thereon dated July 28, 2015. 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
July 28, 2015

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

RECEIPTS AND DEPOSITS

The School receives cash for various purposes including textbook fees, field trips, enrollment, fundraising and various other items. Procedures were in place to process cash collections; however, we noted 9 instances in our sample of 25 cash receipt transactions where the bank deposit was not made in a timely manner. The span of time between the date of collection and the date of deposit ranged from 14 to 31 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).

EMPLOYEE REIMBURSEMENT

Employees can claim reimbursement not only for travel expenses, but for other purchases as well. We examined five employee reimbursement transactions which were supported by purchase invoices; however, there was no evidence of a written claims form or supervisory approvals.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. The claims must be in writing, itemized, and supported with original receipts, and documentation that the trip was for charter school business. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

We selected and examined a sample of 41 vendor disbursement transactions from throughout the year. Within this sample we noted the following:

- Full account coding was not documented on the accounts payable voucher for 15 of the disbursements tested.
- Full account coding was not documented on the check stub beyond the indication of the fund used.
- Invoice documentation was not retained for 5 of the selected transactions.

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).

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).

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments, Continued

FINANCIAL REPORTING

The School submitted its semi-annual financial reports (Form 9) for the fiscal year ended June 30, 2014 as required. However, the reports did not properly reflect fund balances of the federal grants, specifically Title I (Fund 4100), Title II (Fund 4510), Special Education (Fund 7953) and Facilities (Fund 3956). In addition, the semi-annual financial report for the period July 1, 2013 to June 30, 2014 did not reflect the cash balance as reported on the books and records. The balance reported on Form 9 as of June 30, 2014 was higher than the general ledger balance by \$38,402.

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).

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments, Continued

INCOME ELIGIBILITY

In our audit of ten students receiving benefits under the State of Indiana's textbook reimbursement program, the School could not produce evidence for three students that eligibility applications had been submitted. In addition, the application forms that were submitted were not completed or signed by the determining official.

The department shall adopt procedures that must be followed by applicants in order for them to qualify for assistance under this chapter. These procedures must include obtaining information needed by the family and social services administration to determine if the recipient is a child who is a member of a qualifying family (as defined in IC 12-14-28-1), including the familial relationship of the child to the head of the household. The financial eligibility standard for an applicant under this chapter must be the same criteria used for determining eligibility for receiving free or reduced lunches under the national school lunch program. [Indiana Code 20-33-5-2 (Procedures to qualify for assistance)].

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).

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Exit Conference

July 1, 2013 to June 30, 2014

The contents of this report were discussed on August 19, 2015 with Lori Gayheart (Business Manager), Kieran McHugh (Head of School), Tina Bushue (Accountant), and Susan Cress (Board President). The Official Response has been made a part of this report and may be found on page 8.



SUPPLEMENTAL AUDIT

REPORT RESPONSES

*RECEIPTS AND DEPOSITS

The accountant employed by Renaissance is part-time. It is cost and time prohibitive for a bank deposit to be made daily. Deposits are typically made on a weekly basis unless payments are received immediately prior to school breaks, such as in the winter and spring, or during the summer, when it would be fiscally irresponsible to compensate our part-time accountant to come in to deposit small amounts of money. Monies waiting to be deposited are kept in a secure office in a secure cabinet accessible only to authorized personnel.

*EMPLOYEE REIMBURSEMENT

Renaissance is a small school community with a limited number of trusted staff members carefully making conscientious purchases with the ultimate goal of providing an excellent education to every student enrolled while being good stewards of public dollars. Due to the size of our school, these expenditures are easy to properly track and manage. The paper trail required by SBOA makes a lot of sense for a huge school corporation, but is not very practical for a small school trying to frugally and wisely use time, space and money. The use of a written claim form for reimbursement checks would require excessive amounts of time: to prepare, fill-out and file forms, space: to store the excessive amount of paper, and money: to excessively pay people to prepare, fill-out and file these forms. This process would truly be both archaic and irresponsible and wasteful when considering we are a digital world trying to reduce its use of natural resources and streamline its processes. Renaissance would argue that signatures on reimbursement checks by the Head of School and/or Chief Administrator indicate supervisory approval.

*VENDOR DISBURSEMENTS

Renaissance will make every effort to ensure each voucher includes full account coding and invoices are attached to each disbursement.

*FINANCIAL REPORTING

Renaissance provides the education needed by each student regardless of whether funds such as those from Title I/II or Special Education are available. Most often, this means Title I/II and Special Education dollars are received "after the fact" and then approved expenditures are transferred retroactively from the General Fund to the appropriate fund.

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During the audited period, Title I/II, Special Education and Facilities funds were applied retroactively making it not possible to show on the Form 9 submitted in prior periods. School attempts in the past to indicate these transfers via the Form 9 were rejected.

The cash balance reported on Form 9 as of June 30, 2014 was off by \$38,402 because of a mistaken understanding that principal payments were subtracted from the general ledger balance via data reported by Renaissance to IDOE on the Statement of Obligations. When the mistake was discovered by Renaissance, it was reported to IDOE and an adjustment was made on the following Form 9. This will not be an issue in the future.

INCOME ELIGIBILITY

The determining official mistakenly believed students receiving textbook assistance in previous years were not required to submit a new application for assistance every school year, and that a signature was not required as only the determining official handles textbook reimbursement applications (see comments regarding being a small school, not a huge corporation). Moving forward, submitted eligibility applications will be required for each student receiving assistance, and each application will be completed and signed by the determining official.

Submitted by:

Lori Gayheart

Chief Administrator