



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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October 14, 2015

Charter School Board  
Indiana Schools of Excellence, Inc.  
3423 S. Michigan Street  
South Bend, IN 46614-1719

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 5 contain four audit results and comments. Management's response is on page 7.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Indiana Schools of Excellence, 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 SCHOOLS OF EXCELLENCE, INC.  
ST. JOSEPH COUNTY, INDIANA  
July 1, 2013 to June 30, 2014

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

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INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH 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	Albert Smith	07/01/13 – 06/30/14
School Leader	Tania Grimes	07/01/13 – 06/30/14

The Board of Directors  
Indiana Schools of Excellence, Inc.

We have audited the financial statements of Indiana Schools of Excellence, Inc. (the "School") as of and for the year ended June 30, 2014, and have issued our report thereon dated June 3, 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.



Indianapolis, IN  
June 3, 2015

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

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)

TEXTBOOK REIMBURSEMENT

The School compiles a record of students eligible for textbook reimbursement from data provided by FSP, a contracted third party lunch provider. The School was able to produce a list of qualifying students, but was unable to provide a copy of the actual textbook reimbursement claim submitted for the year ended June 30, 2014.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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 SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

RECEIPTS AND DEPOSITS

The School receives cash for various purposes including field trips, uniforms, and book rentals. In our sample of 29 cash receipts transactions, we noted 7 instances where the bank deposits were not made in a timely manner. In these instances, the collections were deposited later than 5 days from the date of receipt.

We also noted that the School did not retain all receipts books used during the period under audit. In addition, the School did not retain documentation to support the deposits recorded in the accounting records. In fourteen instances out of a sample of 29, deposit information could not be provided to substantiate the deposit of the receipts selected for testing.

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 12)

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period July 1, 2013 to June 30, 2014 revealed that the June 30 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was higher than the general ledger balance by \$14,366.

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 SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Exit Conference

July 1, 2013 to June 30, 2014

The contents of this report were discussed on August 3, 2015 with Tania Grimes (School Leader), Bob Edmondson (Business Manager), Jim Shafter (Accountant), and Albert Smith (Board President). The Official Response has been made a part of this report and may be found on page 7.



## XAVIER SCHOOL OF EXCELLENCE

3423 S. Michigan Street  
South Bend, IN 46614-1719

**Tania Grimes, EdD**  
Director

School Office (574) 231-6600  
FAX(574) 231-6640

August 19, 2014

### SUPPLEMENTAL AUDIT REPORT

#### OFFICIAL RESPONSE AND PLANNED CORRECTIVE ACTION

##### CAPITAL ASSETS

Our contract with American Quality Schools was terminated June 30, 2014. Starting with FY 2015, a complete inventory of all capital assets will be conducted by June 30 of each year and recorded on the applicable Capital Assets Ledger.

##### TEXTBOOK REIMBURSEMENT

Prior to June 30, 2014, data regarding textbook reimbursement was maintained by our EMO, American Quality Schools. The contract with American Quality Schools was terminated June 30, 2014. Going forward, Xavier School of Excellence will maintain this data with the assistance of our accountant.

##### RECEIPTS AND DEPOSITS

With the non-renewal of our contract with American Quality Schools, Xavier School of Excellence has hired a Business Manager and accountant. All deposits are now made within one business day of receipt. Also, Xavier School of Excellence will retain all receipt books and the documentation to support the deposits recorded.

##### FINANCIAL REPORTING

Prior to June 30, 2014, our EMO, American Quality Schools, maintained all financial records and submitted the Form 9 to the Indiana Department of Education. We did not re-new our contract with them. Our new accountant will maintain all financial records and will be responsible for submitting the Form 9.

Respectfully,

Tania Grimes, EdD  
Director