



STATE OF INDIANA
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B45422

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October 15, 2015

Charter School Board
Business Consulting, Inc. dba
Indiana Virtual School
510 E. 96th Street
Indianapolis, IN 46240

We have reviewed the Supplemental Audit Report prepared by Charles Madden, PC, 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 5 through 7 contain five audit results and comments. Management's response is on pages 9 through 10.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Business Consulting, Inc. dba Indiana Virtual 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**BUSINESS CONSULTING, INC. dba
INDIANA VIRTUAL SCHOOL**

INDIANAPOLIS, INDIANA

SUPPLEMENTAL AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2014**

BUSINESS CONSULTING, INC. dba
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

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BUSINESS CONSULTING, INC. dba
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

SCHOOL OFFICIALS

FISCAL YEAR ENDED JUNE 30, 2014

<u>Office</u>	<u>Offical</u>	<u>Term</u>
President of Board of Directors	Thomas H. Stoughton	7/1/13 – 6/30/14
Secretary	Chris King	7/1/13 – 6/30/14
Treasurer	Jim Tilford	7/1/13 – 6/30/14
Members of the Board	Sue Richardson	7/1/13 – 6/30/14
	Fred Ellis	7/1/13 – 6/30/14
	Tom Burroughs	7/1/13 – 6/30/14
Superintendent	Dr. Percy Clark	7/1/13 – 6/30/14



The Board of Directors
Business Consulting, Inc. dba
Indiana Virtual School

We have audited the financial statements of Business Consulting, Inc. dba Indiana Virtual School (the "School") as of and for the fiscal year ended June 30, 2014 and have issued our report thereon dated August 12, 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.

Charles Madden PC

Indianapolis, IN
September 10, 2015

BUSINESS CONSULTING, INC. dba
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

AUDIT RESULTS AND COMMENTS

FISCAL YEAR ENDED JUNE 30, 2014

ANNUAL REPORT (FORM 9)

The School did not report all figures accurately on their fiscal year June 30, 2014 Form 9, which resulted in a discrepancy in the June 30, 2014 cash balance according to the School's records. The School over reported \$14.17 of beginning cash balance, under reported \$100 of receipts and under reported \$14,200 of disbursements on Form 9 that were recorded in the School's accounting records.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. In order to not duplicate efforts, the State Board of Accounts considers the combination of the two 6 month periods for each school year on the Indiana Department of Education's (IDOE) Form 9 Biannual Financial Report as the annual report for charter schools.

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 Charter Schools, Part 9).

CAPITAL ASSETS

We examined the School's inventory of capital assets and noted the School's capital asset ledger is not on a prescribed or approved form.

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 Manual for Charter Schools, Part 15).

RECEIPTS AND DEPOSITS

We examined all receipts and noted the following for fiscal year June 30, 2014:

- No receipts were issued for any of the four contribution checks received.
- No checks received were recorded using prescribed form 517.

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.

The form (Form 517) is to be prenumbered by the printing supplier in duplicate, five receipts to the page. A receipt must be written on the form each time any money is received by the charter school, regardless of whether it is in the form of cash, check, money order, bank card/credit card, EFT (all on which must be indicated as payment type and amount) or other negotiable instrument. The original, signed by the treasurer of the charter school, is to be issued to the person paying the money. The duplicate is punched for containing in a post binder and serves as permanent register of receipts. It also serves as a source document for posting to the Ledger of Receipts, the Fund Ledger and to the Treasurer's Daily Balance of Cash and Depositories Record. In the case of county or state distribution of school monies, it is not necessary to mail the original to the distributing agency. (Accounting and Uniform Compliance Manual for Charter Schools, Part 2).

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).

VENDOR DISBURSEMENTS

We examined all disbursement transactions and noted the following for fiscal year June 30, 2014:

- In 9 instances, the School did not use prescribed form 523.
- The School did not obtain approval from the board before payment of any claims before December of 2013 during the fiscal year ended June 30, 2014. This practice began at the December 2013 board meeting.

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).

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).

CASH MANAGEMENT

For the fiscal year ended June 30, 2014, the School did not maintain an insurance policy or cash bond for employees that handled cash.

The organizer shall designate employees who are responsible for handling a majority of the cash receipts, and disbursements for the school. The designated employees must have either a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors and omissions. The cash bond or insurance policy should represent an average amount of cash or receipts on hand during the school year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

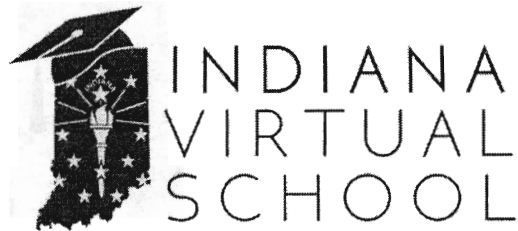
BUSINESS CONSULTING, INC. dba
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

EXIT CONFERENCE

FISCAL YEAR ENDED JUNE 30, 2014

The contents of this report were discussed on September 10, 2015 with Tom Stoughton. The Official Response has been made a part of this report and may be found on pages 9-10.



INDIANA VIRTUAL SCHOOL
510 E. 96th Street, Suite #180
Indianapolis, IN 46240

Charles Madden, CPA
850 Fort Wayne Avenue
Indianapolis, IN 46204

Re: Audit Results & Comments FY ending June 30, 2014

Gentlemen,

Having recently received the presentation of the results and comments regarding the audit for Indiana Virtual School, we would like to take this opportunity to respond to the findings by outlining the course of action we will follow to resolve the issues raised by the examiners:

Annual Report (Form 9)

Finding

The School did not report all figures accurately on their fiscal year June 30, 2014 Form 9, which resulted in a discrepancy in the June 30, 2014 cash balance according to the School's records. The School over reported \$14.17 of beginning cash balance, under reported \$100 of receipts and under reported \$14,200 of disbursements on Form 9 that were recorded in the School's accounting records.

Response

We have made the corrections to the discrepancy in Form 9 related to over reporting \$14.17 of beginning cash balance, under reporting \$100.00 in receipts and under reporting \$14,200 in disbursements, per the School's accounting records and in accordance with Accounting and Uniform Guidelines Manual for Charter Schools, Part 9.

Capital Assets

Finding

We examined the School's inventory of capital assets and noted the School's capital asset ledger is not on a prescribed or approved form.

Response

We have implemented a Capital Assets Ledger to record a complete inventory of all assets owned which reflects their acquisition value in accordance with Accounting and Uniform Compliance Guidelines Manual for Charter Schools, Part 15.

Receipts and Deposits

Finding

We examined all receipts and noted the following for fiscal year June 30, 2014:

- No receipts were issued for any of the four contribution checks received.
- No checks received were recorded using prescribed Form 517.

Response

We have implemented use of Form 517 and the instructional process for all cash, checks, money orders, bank card, EFT received in accordance with Accounting and Uniform Compliance Manual for Charter Schools, Part 2 and Part 10.

Vendor Disbursement

Finding

We examined all cash disbursement transactions throughout the year. We noted the following:

- In 9 instances, the School did not use prescribed Form 523
- The School did not obtain approval from the board before payment of any claims before December of 2013 during the fiscal year ended June 30, 2014. This practice began at the December 2013 Board meeting.

Response

We have implemented a system that will ensure that Form 523 will always be utilized 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, per the Accounting and Uniform Compliance Manual for Charter Schools, Part 2 and Part 10.

Cash Management

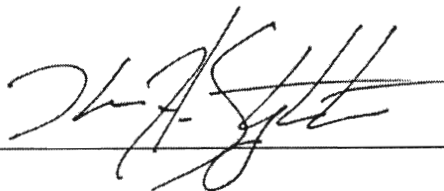
Finding

For the fiscal year ended June 30, 2014, the School did not maintain an insurance policy or cash bond for employees that handled cash.

Response

We have purchased the Errors and Omissions Policy that protects the Charter School from employee theft, fraud, errors and omissions that represents the average amount of cash or receipts on hand during the school year in accordance with the Accounting and Uniform Compliance Guidelines Manual for Charter Schools, Part 8.

Signature: _____



Title: _____

