



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B46069

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

March 31, 2016

Charter School Board
The Phalen Leadership Academy – Indiana, Inc.
2323 North Illinois Street
Indianapolis, IN 46208

We have reviewed the Supplemental Audit Report prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. 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. Page 3 contains three audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for The Phalen Leadership 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
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT

THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.

MARION COUNTY, INDIANA

JULY 1, 2014 TO JUNE 30, 2015

TABLE OF CONTENTS

	PAGE
SCHEDULE OF OFFICIALS	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
AUDIT RESULTS AND COMMENTS	3
EXIT CONFERENCE	4

THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
CEO	Earl Phalen	
COO	Terra Smith	
Director of Finance	Eva Spilker	

INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials

The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of The Phalen Leadership Academy – Indiana, Inc., as of and for the year ended June 30, 2015, and have issued our report thereon dated December 31, 2015.

In our audit, we noted that The Phalen Leadership Academy – Indiana, Inc. failed to comply with paying invoices by their due dates, timely authorization and submission of required conflict of interest statements as required by the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines of Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts.

Our audit was not directed primarily toward obtaining knowledge as to whether The Phalen Leadership Academy – Indiana, Inc. failed to comply with the terms of the *Accounting and Uniform Compliance Guidelines manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of The Phalen Leadership Academy – Indiana, Inc. and the Indiana State Board of Accounts, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 31, 2015

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY
AUDIT RESULTS AND COMMENTS**

UNTIMELY INVOICE AUTHORIZATION

The charter school must establish procedures for the initiation, approval, and use of purchase requisitions and purchase orders. Part of the appropriate procedures for remitting payment is gaining the correct and timely authorization to make such payments. It was noted during testing that although the administrator stamps all vendor invoices and signs them, the signing and dating of said invoices generally occurs after payments have already been remitted.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

UNTIMELY INVOICE PAYMENT

During testing it was noted that there were three (3) occasions out of the sixty (60) disbursements tested in which the invoices were paid after their due date.

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

CONFLICT OF INTEREST STATEMENTS

Part 13 of the charter school manual and IC5-16-11 require conflict of interest statements to be filed with the school and the Indiana State Board of Accounts. Such conflict statements have not been filed as of the date of our testing.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 13)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY
EXIT CONFERENCE**

The contents of this report were discussed with Eva Spilker, Chief Financial Officer, on December 31, 2015. The officials concurred with our audit findings.