



STATE OF INDIANA
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April 13, 2016

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

We have reviewed the Supplemental Audit Report prepared by Donovan, P.C., 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. Pages 3 through 4 contain three 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 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
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
July 1, 2014 to June 30, 2015



RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

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RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Susan Cress	07/01/14 – 06/30/15
Head of School	Kieran McHugh	07/01/14 – 06/30/15
Treasurer	Heidi Potucek	07/01/14 – 06/30/15



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, 2015 and have issued our report thereon dated March 1, 2016. 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.

A handwritten signature in dark ink that reads 'Donovan'.

Indianapolis, IN
March 1, 2016

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

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 3 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 8 to 19 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).

INCOME ELIGIBILITY

In our audit of 15 students receiving benefits under the State of Indiana's textbook reimbursement program, the School could not produce evidence for two 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)].

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

We selected and examined a sample of 34 vendor disbursement transactions from throughout the year. Within this sample we noted the following:

- Full account coding was not documented on the accounts payable vouchers.
- Sales tax was paid on 5 of the selected transactions. Of these, 4 were employee reimbursements.

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).

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on March 22, 2016 with Lori Gayheart (Business Manager), Kieran McHugh (Head of School), Tina Bushue (Accountant). The Official Response has been made a part of this report and may be found on page 6.



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. Moving forward, barring any unusual circumstances such as the school being on break, or the accountant being absent, deposits will routinely be made every week.

*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 (Renaissance is 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.

*VENDOR DISBURSEMENTS

Renaissance will make every effort to ensure each voucher includes full account coding.

Renaissance is a small school community with the ultimate goal of providing an excellent education to every student enrolled while being good stewards of public dollars. Employees are expected to use the sales tax exemption certificate whenever making purchases for the school. Employees have been informed that they will not be reimbursed for any sales tax they opt to not take the extra steps to have exempted, but we know this practice will often times end up costing the school much more money than it saves. Employees are currently willing to pick up supplies/place orders on their own time from discount vendors, but if such generous efforts start costing them because of not being fully reimbursed, they will no longer offer to do so and we will have to pay hourly personnel to handle purchasing, including travel time and mileage.

Submitted by:

Lori Gayheart
Chief Administrator

*This comment, and response, was included in the 2014 audit, which took place in June of 2015. Due to the timing of that audit, implementation of corrections was not yet possible.

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