



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B46138

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April 14, 2016

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 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 two 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 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, 2014 to June 30, 2015



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, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Albert Smith	07/01/14 – 06/30/15
School Leader	Tania Grimes	07/01/14 – 06/30/15
Business Manager	Bob Edmondson	07/01/14 – 06/30/15



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, 2015, and have issued our report thereon dated February 24, 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' in a cursive, slightly stylized font.

Indianapolis, IN  
February 24, 2016

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

VENDOR DISBURSEMENTS

The School pays all bills based on statements or invoices received from the vendors. However, the School did not use the Accounts Payable Voucher (Form 523) during the audit period, so proof of the approvals and certifications, as well as a full account coding, was not evident on every invoice selected for testing.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form 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)

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, 2014 to June 30, 2015 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 lower than the general ledger balance by \$15,333.

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, 2014 to June 30, 2015

The contents of this report were discussed on February 24, 2016 with Tania Grimes (School Leader), Bob Edmondson (Business Manager), Jim Shafer (Accountant), and Albert Smith (Board President). The Official Response has been made a part of this report and may be found on page 6.



## 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

March 2, 2016

### SUPPLEMENTAL AUDIT REPORT

### OFFICIAL RESPONSE AND PLANNED CORRECTIVE ACTION

#### VENDOR DISBURSEMENTS

Although a separate Form 523 has not been used, the 5 required approvals and certifications are recorded on each Invoice although not in a formalized manner. A stamp is being designed and purchased that will be placed on each invoice or document presented for payment that will organize the information keeping it consistent and in one location.

#### FINANCIAL REPORTING

Accrual accounting was used when submitting the Form 9 for the period of July 1, 2014 to June 30, 2015 which resulted in the cash discrepancy. Accrual accounting was used because the accounting software reports detail best with the accrual basis. Our accountant will be sure the June 30, 2016 Form 9 is reported on a Cash basis and will be in agreement with the schools financial records.

Respectfully,

XAVIER SCHOOL OF EXCELLENCE

Tania Grimes, EdD  
Director