



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B46170

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April 15, 2016

Charter School Board
The Signature School, Inc.
610 Main Street
Evansville, IN 47708

We have reviewed the Supplemental Audit Report prepared by Kemper CPA Group, 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. Pages 4 and 5 contain three 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 The Signature School, 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

THE SIGNATURE SCHOOL, INC.

Vanderburgh County, Indiana

**SUPPLEMENTAL COMPLIANCE
EXAMINATION REPORT**

Year Ended June 30, 2015



THE SIGNATURE SCHOOL, INC.

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THE SIGNATURE SCHOOL, INC.

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Charter School Board	Robert L. Koch, II	7/1/14 to 6/30/15
Executive Director	Jean Hitchcock	7/1/14 to 6/30/15
Treasurer	Susan Parsons	7/1/14 to 6/30/15
Director of Finance	Ashley DiMarco	7/1/14 to 6/30/15



TRANSMITTAL LETTER

Board of Directors
The Signature School, Inc.

We have audited the statement of cash receipts and disbursements of The Signature School, Inc. (School) for the year ended June 30, 2015 and have issued our report thereon dated February 23, 2016. In conjunction with that audit, we also examined the School's compliance during the year ended June 30, 2015 with the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts. The results of that supplemental compliance examination and our independent accountants' report thereon are reflected on pages 3 through 6 herein.

Kemper CPA Group, LLP

Certified Public Accountants and Consultants

Evansville, Indiana
February 23, 2016



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
The Signature School, Inc.

We have examined The Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2015. Management is responsible for the School's compliance with those requirements. Our responsibility to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements prescribed by the Indiana State Board of Accounts in *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

Our examination disclosed certain instances of noncompliance with the Manual, as described in the Audit Results and Comments.

In our opinion, except for the noncompliance described in the third paragraph, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

This report is intended solely for the information and use of management, the Board of Directors, and the Indiana State Board of Accountants, and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group, LLP

Evansville, Indiana
February 23, 2016

Certified Public Accountants and Consultants

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2015

Prescribed Forms

Our testing revealed that the School does not use prescribed forms. We found no evidence that the school uses the following prescribed forms: TBR-2

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.

Receipts and Deposits

Our testing revealed that the School does not issue or record receipts at the time of the transaction. Further the School does not make deposits within one business day following receipt of the funds.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: 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. 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.

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2015

Bond Coverage

Our testing revealed that the School does not have adequate bonding for all persons designated as cash handlers.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: 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.

THE SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Exit Conference
Year Ended June 30, 2015

The contents of this report were discussed on February 23, 2016, with the following persons:

Susan Parsons, Treasurer
Ashley DiMarco, Bookkeeper

The Official Response has been made a part of this report and may be found on page 7.



To whom it may concern:

In response to the Audit Report by Kemper CPA Group, LLC of Signature School's financial statements ending June 30, 2015:

Audit Report

Prescribed Forms

Per the Charter School Manual, the TBR-2 is issued at the time of payment of the textbook detailing the book, unit price, total paid, and the method of payment. Because Signature School students do not pay at the time of issuance, the only information to be relayed at the time of issuing the textbook is the date, the student's name, and the textbooks checked out to the student. Beginning with the 2015-2016 school year, Signature School changed textbook management software and a receipt is now emailed to the receiver at the time textbooks are checked out to the student. The detail of cost per class textbook is provided on the invoice later sent. Upon payment, the payer will receive a receipt showing payment of the invoice.

Receipts and Deposits

We made prompt receipting and daily deposits a top priority in the 2014-2015 school year and did the best we could with our small staff and multi-function jobs. The instances where a receipt was not issued at the time of the transaction or a daily deposit was not made were infrequent occurrences.

Bond Coverage

All cash handlers were covered with a \$100,000 bond in the 2014-2015 school year. Per the auditors' request, this was increased to \$150,000 for the 2015-2016 school year. According to IC 20-26-4-5 and the SBOA Director of Schools and Townships, the amount of insurance or bond coverage should be "in an amount determined by the governing body." Signature School Board of Directors will pass a policy stating the amount in which bond coverage should be kept.

Sincerely,

A handwritten signature in cursive script that reads "Susan E. Parsons".

Susan E. Parsons
Treasurer
Signature School