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May 4, 2016

Charter School Board
The Bloomington Project School, Inc.
349 South Walnut Street
Bloomington, IN 47401

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 finding in the report. Pages 3 through 6 contain four audit result and comment. Management's response is on page 8.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for The Bloomington Project 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 BLOOMINGTON PROJECT SCHOOL, INC.

**SUPPLEMENTAL AUDIT REPORT
MONROE COUNTY, INDIANA**

July 1, 2014 to June 30, 2015



DONOVAN
Certified Public Accountants *and* Advisors

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THE BLOOMINGTON PROJECT SCHOOL, INC.
SCHOOL OFFICIALS
MONROE COUNTY, INDIANA
July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board	Rachael McAfee	07/01/14 – 06/30/15
School Leader	Catherine Diersing	07/01/14 – 06/30/15
Business Manager	Terri Burks	07/01/14 – 06/30/15



The Bloomington Project School, Inc.

We have audited the financial statements of **The Bloomington Project School, Inc.** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated April 15, 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.

DONOVAN

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive, stylized font.

Indianapolis, IN
April 15, 2016

THE BLOOMINGTON PROJECT SCHOOL, INC.
REQUIRED REPORTS
MONROE COUNTY, INDIANA
July 1, 2014 to June 30, 2015

REQUIRED REPORTS

The financial report to the Indiana Department of Education (Form 9) submitted by the School did not properly reflect the cash activity for the period from July 1, 2014 to June 30, 2015. Receipts and expenditures reported in the various fund accounts did not accurately reflect the activity in those funds. In addition, the total cash balance per the Form 9 did not agree to the cash balance recorded in the accounting records as of June 30, 2015 by the amount of \$27,359.

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 of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of 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)

THE BLOOMINGTON PROJECT SCHOOL, INC.
CASH RECEIPTS AND DEPOSITS
MONROE COUNTY, INDIANA
July 1, 2014 to June 30, 2015

CASH RECEIPTS AND DEPOSITS

The School receives cash payments for various purposes, including meals, contributions, and student fees. Procedures were in place to process cash collections; however, we noted one issue with regard to the cash receipts process, specifically:

In the early months of the school year, the School did not use pre-numbered cash receipts forms. This issue was corrected mid-year.

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 form 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

THE BLOOMINGTON PROJECT SCHOOL, INC.
VENDOR DISBURSEMENTS
MONROE COUNTY, INDIANA
July 1, 2014 to June 30, 2015

VENDOR DISBURSEMENTS

In our sample of 25 vendor disbursement transactions, we noted the following issues:

1. In the early months of the school year:
 - a. the standard accounts payable voucher (Form 523) was not used to document the payments. This issue was corrected mid-year.
 - b. There was no evidence of approval by the person processing the vendor invoice or the person certifying the invoice for payment.
 - c. There was no identification of the account number to which the expenditure was to be recorded.

These issues were all corrected mid-year after the School began using Form 523.

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)

Employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the charter school. Any penalties, interest or other charges paid by the charter school may be the personal obligation of the responsible employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

THE BLOOMINGTON PROJECT SCHOOL, INC.
CREDIT CARD POLICY AND COMPLIANCE
MONROE COUNTY, INDIANA
July 1, 2014 to June 30, 2015

CREDIT CARD POLICY AND COMPLIANCE

The School utilizes a credit card with First Bankcard for various purchases, the use of which is addressed in a formal credit card policy. In our testing of five credit card payments, we noted:

1. The school pays credit card charges directly from the credit card statement. No approval vouchers are utilized in the credit card payment process.
2. Interest was paid on four of the five credit card statements selected for testing, totaling \$138.01 in interest.

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or an employee shall be the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

THE BLOOMINGTON PROJECT SCHOOL, INC.

EXIT CONFERENCE

MONROE COUNTY, INDIANA

July 1, 2014 to June 30, 2015

EXIT CONFERENCE

The contents of this report were discussed on April 15, 2016 with Catherine Diersing (School Leader), Terri Burks (Business Manager), Lisa Jones (Account Manager, Charter School Management Company). The Official Response has been made a part of this report and may be found on page 8.

The Bloomington Project School, Inc.
Response to SBOA Audit
July 1, 2014-June 30, 2015

Required Reports

As a result of this finding, a change in who completes and submits the Form 9 has been changed. For the June 2015 Form 9, an individual who works for CSMCI completed the report. As we have found, there are complexities to the Form 9 that require a deeper schema to the organization itself for successful completion of this form, so someone more familiar with the Form 9 and The Bloomington Project School will be completing the form. This change has been made for the form to be completed for June 2016.

Cash Receipts and Deposits

The recommended changes in practice and procedure were made and have been followed with fidelity since the on-site audit for 2013-2014. As noted in the current audit (2014-2015), there was clear evidence that this change was made based on the statement that this was only an issue during the early months of the school year.

Vendor Disbursements

The recommended changes in practice and procedure were made and have been followed with fidelity since the on-site audit for 2013-2014. As noted in the current audit (2014-2015), there was clear evidence that this change was made based on the statement that this was only an issue during the early months of the school year. During the exit conference, Lisa Jones (CSMCI) stated that the correct procedure is being followed although the Form 523, which is not required, is not the form being utilized. All required information is included in the on-line form that TPS-CSMCI utilize. BJ Lippert confirmed that this is acceptable.

Credit Card Policy and Compliance

Vouchers are not utilized in the credit card payment process. Interest was accrued due to cash flow challenges. The credit card payment was due prior to the payment being received each month by the state. The business manager is requesting to change the credit card due date. In the seventh year of operation, cash flow is a less significant issue and the credit card is now being paid through an electronic transfer each month, prior to the due date, eliminating interest.