



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B47580

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January 27, 2017

Charter School Board  
Indiana Virtual School  
510 E 96 St., Ste. 180  
Indianapolis, IN 46240

We have reviewed the Supplemental Audit Report prepared by Charles Madden PC, 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 5 through 6 contain four audit results and comments. Management's response is on pages 8 through 9.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Indiana Virtual School 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

**BUSINESS CONSULTING, INC. dba  
INDIANA VIRTUAL SCHOOL**

**INDIANAPOLIS, INDIANA**

**SUPPLEMENTAL AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015**

BUSINESS CONSULTING, INC. dba  
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

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BUSINESS CONSULTING, INC. dba  
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

SCHOOL OFFICIALS

FISCAL YEAR ENDED JUNE 30, 2015

<u>Office</u>	<u>Offical</u>	<u>Term</u>
President of Board of Directors	Thomas H. Stoughton	7/1/14 – 6/30/15
Secretary	Tom Burroughs	7/1/14 – 6/30/15
Treasurer	Jim Tilford	7/1/14 – 6/30/15
Members of the Board	Tom Krudy	7/1/14 – 6/30/15
	Fred Ellis	7/1/14 – 6/30/15
	Patrick Hoover	7/1/14 – 6/30/15
Superintendent	Dr. Percy Clark	7/1/14 – 6/30/15



The Board of Directors  
Business Consulting, Inc. dba  
Indiana Virtual School

We have audited the financial statements of Business Consulting, Inc. dba Indiana Virtual School (the "School") as of and for the fiscal year ended June 30, 2015 and have issued our report thereon dated December 9, 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.

*Charles Madden PC*

Indianapolis, IN  
December 15, 2016

BUSINESS CONSULTING, INC. dba  
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

AUDIT RESULTS AND COMMENTS

FISCAL YEAR ENDED JUNE 30, 2015

ANNUAL REPORT (FORM 9)

The School did not report all figures accurately on their fiscal year June 30, 2015 Form 9, which resulted in a discrepancy in the June 30, 2015 cash balance according to the School's records. The School over reported \$13,764.55 of beginning cash balance and under reported \$100,407.08 of disbursements on Form 9 that were recorded in the School's accounting records. This resulted in the ending cash balance being overstated by \$114,171.63.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. In order to not duplicate efforts, the State Board of Accounts considers the combination of the two 6 month periods for each school year on the Indiana Department of Education's (IDOE) Form 9 Biannual Financial Report as the annual report for charter schools.

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 Charter Schools, Part 9).

RECEIPTS AND DEPOSITS

We examined all receipts and noted the following for fiscal year June 30, 2015:

- No receipts were issued for any of the three contribution checks received.
- No checks received were recorded using prescribed form 517.

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.

The form (Form 517) 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. The original, signed by the treasurer of the charter school, is to be issued to the person paying the money. The duplicate is punched for containing in a post binder and serves as permanent register of receipts. It also serves as a source document for posing to the Ledger of Receipts, the Fund Ledger and to the

Treasurer's Daily Balance of Cash and Depositories Record. In the case of county or state distribution of school monies, it is not necessary to mail the original to the distributing agency. (Accounting and Uniform Compliance Manual for Charter Schools, Part 2).

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).

### VENDOR DISBURSEMENTS

We examined all invoices from the School's largest vendor (and related party) for the fiscal year June 30, 2015. The source documentation provided was not sufficient to show a school employee verified the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract.

The charter school must establish procedures for the initiation, approval, and use of purchase requisitions and purchase orders. The procedures must include limits on approval of purchase orders after the purchase to emergency situations and all blanket purchases must have a fixed monetary limit. Upon receipt of the goods or services a charter school employee must verify the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract. Supporting documentation, such as invoices, shall be compared to purchase orders to ensure the prices, quantities, etc. are correct prior to payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

### EXPENSE/MILEAGE REIMBURSEMENT

We examined all invoices from the School's largest vendor (and related party) for the fiscal year ended June 30, 2015. The source documentation provided was not sufficiently detailed to show names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting.

All claims, invoices, receipts, and accounts payable vouchers shall contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

Reimbursed mileage shall not include travel to and from the employee's home and the charter school building in which he or she works, unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

BUSINESS CONSULTING, INC. dba  
INDIANA VIRTUAL SCHOOL

INDIANAPOLIS, INDIANA

EXIT CONFERENCE

FISCAL YEAR ENDED JUNE 30, 2015

The contents of this report were discussed on December 20, 2016 with Tom Stoughton and Greg Bright. The Official Response has been made a part of this report and may be found on page 8-9.



INDIANA VIRTUAL SCHOOL  
500 E. 96<sup>th</sup> Street, Suite #400  
Indianapolis, IN 46240

December 29, 2016

Charles Madden, PC  
850 Fort Wayne Avenue  
Indianapolis, IN 46204

Re: Audit Results & Comments FYE June 30, 2015

Gentlemen,

Having recently received the presentation and the results and comments regarding the audit for Indiana Virtual School, we would like to take this opportunity to respond to the finding by outlining the course of action we will follow to resolve the issues raised by the examiners:

#### ANNUAL REPORT (FORM 9)

##### ***Finding***

The School did not report all figures accurately on their fiscal year June 30, 2015 Form 9, which resulted in a discrepancy in the June 30, 2015 cash balance according to the School's records. The School over reported \$13,764.55 of beginning cash balance and under reported \$100,407.08 of disbursements on Form 9 that were recorded in the School's accounting records. This resulted in the ending cash balance being overstated by \$114,171.63.

##### ***Response***

We have made the corrections to the discrepancy in Form 9 related to over reporting \$13,764.55 of beginning cash balance and under reporting \$100,407.08 of disbursements, per the School's accounting records and in accordance with the Accounting and Uniform Guidelines Manual for Charter Schools, Part 9.

#### RECEIPTS AND DEPOSITS

##### ***Finding***

No receipts were issued for any of the three contribution checks received and no checks received were recorded using prescribed form 517.

**Response**

We have implemented the use of form 517 and the instructional processes for all money received by us in accordance with the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Parts 2 and 10.

**VENDOR DISBURSEMENTS**

**Finding**

The source documentation provided was not sufficient to show a school employee verified the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract.

**Response**

We have implemented the procedures that require a charter school employee/contractor to verify the condition, quantity, and quality of good and/or services prior to payment of the invoice/bill/contract which include comparing invoices to purchase orders to ensure prices, quantities, etc. are correct prior to payment in accordance with the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8.

**EXPENSE/MILEAGE REIMBURSEMENT**

**Finding**

The source documentation provided was not sufficiently detailed to show names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting.

**Response**

We have established and implemented forms and procedures that show the names of all individuals for which amounts are claimed, including the business nature, name, and purpose of the meeting in accordance with the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10.

Signature: \_\_\_\_\_

*Thomas H. Stoughton*

Title: \_\_\_\_\_

*Chairman*