



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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May 23, 2017

American Charter Education Services
Early Career Academy @ ITT Technical Institute
14165 N Fenton Road, Suite 101A
Fenton, MI 48430

We have reviewed the Supplemental Audit Report prepared by Katz Sapper & Miller, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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 on pages 3-5.

In addition to the report presented herein, a financial statements audit report for the same time period as the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts. Both of these reports are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
EARLY CAREER ACADEMY, INC.**

MARION COUNTY, INDIANA
JULY 1, 2015 TO JUNE 30, 2016

EARLY CAREER ACADEMY, INC.

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EARLY CAREER ACADEMY, INC.

SCHOOL OFFICIALS

Office	Official	Term
Bookkeeper	Dr. Lorilyn Coggins	07-01-15 to current
Superintendent of Schools	Diane Grondin Ron Mayes	07-01-15 to 06-30-16 07-01-16 to 08-31-16
Current Contact	Brenda Albright	09-01-16 to current
Board Treasurer	Stephanie Taylor Drew Callard	07-01-15 to 07-21-16 08-15-16 to current
President of the Charter School Board	Dr. Gary Carlson Eric Kilbride	07-01-15 to 05-19-16 08-01-16 to current

*Independent Auditors' Supplemental
Audit Report*

Board of Directors
Early Career Academy, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Early Career Academy, Inc. as of and for the year ended June 30, 2016, and have issued our report thereon dated April 14, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that Early Career Academy, Inc. failed to comply with the conditions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts, except as stated in the Audit Results and Comments.

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

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
April 14, 2017

**EARLY CAREER ACADEMY, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS**

Year Ended June 30, 2016

PRESCRIBED FORMS

The purchase order form (Form 98) and the AP purchase form (Form 523) were not utilized per Indiana State Board of Accounts requirements. This was noted in the planning of the audit and immediate corrective actions were implemented by the School addressing this finding.

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*).

DISBURSEMENT DOCUMENTATION

Required documentation to support cash disbursements, including reimbursements for travel (invoice, purchase order, or underlying reimbursement receipts), was misplaced or otherwise not available for review. Adequate information evidencing approval and reasonable expense was obtained for tested items.

Officials and employees are required to keep proper documentation, including check copies and invoices, for all disbursements (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10*).

PROPER BONDING

The bond procured by the school was not in effect for the entire audit period. The bond went into effect on March 4, 2016.

Officials and employees who are responsible for handling the majority of the cash, receipts, and disbursements of the school must have a cash bond or an insurance policy on their behalf (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8*).

PAYROLL COMPLIANCE

Payroll and other in-kind donated expenses were agreed to summarized invoices received from the School's management company. However, the documentation demonstrating payments related only to services rendered, verifying time worked and appropriate pay rates (e.g. timecards, employment agreements) were not available to review at the time of the audit. Furthermore, no documentation was available to demonstrate that comprehensive written employment policies existed during the school year for all types of employees (i.e. administration and teachers). These documents could not be obtained due to the bankruptcy of the School's partner, ITT, causing issues with accessing files in the School's facilities, which were locked after ITT declared bankruptcy.

The charter school must maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10*).

RECEIPT DOCUMENTATION

Required documentation evidencing approval and purpose of two \$3,750 cash receipts from the State of Indiana received September 21, 2015 and December 18, 2015 was misplaced or otherwise not available for review.

Officials and employees are required to keep proper documentation for all receipts to substantiate the nature and classification of the funds (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10*).

ENROLLMENT DOCUMENTATION AND SUBMISSIONS

Required documentation to support student enrollment, including enrollment cards, rosters and reporting forms were not able available for review. These documents could not be obtained due to the bankruptcy of the School's partner, ITT, causing issues with accessing files in the School's facilities, which were locked after ITT declared bankruptcy. Additionally, the annual enrollment report filing reviewed was dated past the sixty day state requirement. Management of the School represented that the form was filed timely, but documentation of the initial filing could not be located. The document was reprinted after the sixty day state requirement, although no support could be vouched by us to verify management's representation.

Officials and employees are required to maintain proper documentation for all students claimed on the average daily membership (ADM) report and to submit all enrollment reports on a timely basis (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9*).

LUNCH DOCUMENTATION AND RECONCILIATION

Required documentation to support students in the Free Meals or Reduced Price Meals program, including applications for the program, were not available for review. These documents could not be obtained due to the bankruptcy of the School's partner, ITT, causing issues with accessing files in the School's facilities, which were locked after ITT declared bankruptcy. Furthermore, required reconciliations of prepaid lunch accounts were not performed monthly as required.

Charter schools are required to maintain proper documentation for all students in the Free Meals or Reduced Price Meals program and reconcile prepaid lunch accounts on a monthly basis (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2 and 17*).

**EARLY CAREER ACADEMY, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE**

The contents of this report were discussed on April 14, 2017 with Brenda Albright, Audit Oversight; Drew Callard, Board Treasurer; and Eric Kilbride, President of the Charter School Board. The officials concurred with our audit findings.

Since the Charter has been revoked and the school is closing, management is taking no further action on the findings. The school is working through the steps to close its operations and terminate the organization.