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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

December 21, 2017

Charter School Board
Hoosier Academy, Inc.
2855 N. Franklin Road
Indianapolis, IN 46219

We have reviewed the Supplemental Audit Report for Hoosier Academy, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 contains two audit results and comments. Management's response is on page 5.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

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

SUPPLEMENTAL AUDIT REPORT
OF
HOOSIER ACADEMY, INC.

MARION COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2016 to June 30, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	John Marske	07/01/16 – 06/30/17
Head of School	Byron Ernest	07/01/16 – 06/30/17
School Treasurer	Byron Ernest	07/01/16 – 06/30/17



Donovan CPAs

The Board of Directors
Hoosier Academy, Inc.

We have audited the financial statements of Hoosier Academy, Inc. (the “School”) as of and for the year ended June 30, 2017 and have issued our report thereon dated December 12, 2017. 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

Indianapolis, Indiana
December 12, 2017

www.cpadonovan.com

Westside Office | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Northside Office | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

CASH RECEIPTS AND DEPOSITS

In our audit, we examined records relating to cash received at the schools pertaining to such items as testing, reimbursements, and room rentals. We selected 25 receipts from the School's receipt books for the year. From these cash receipts transactions, we noted the following issues:

- The School was unable to locate receipt books for the period under review prior to November 30, 2016. Only master receipts, which are used to accumulate individual receipts into a total deposit amount, were available.
- For 3 of the 25 receipts tested, the receipt did not include a date that would allow us to determine if the funds were deposited in a timely manner.
- For 5 of the 25 receipts tested, the receipt did not show the form of payment (cash, check, etc.).

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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)

MINIMUM INTERNAL CONTROL STANDARDS

Per review and discussion with school personnel, it was determined that the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27 (g).

After June 30, 2016, the legislative body of a political subdivision shall ensure that:

1. the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
2. personnel received training concerning the internal control standards and procedures adopted by the political subdivision.

(IC 5-11-1-27 (g))

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2016 to June 30, 2017

The contents of this report were discussed on December 12, 2017 with John Marske (Board President), Rachel Goodwin (Head of Schools), Kathy Coe (Operations Manager), Mary Markert (North Region Finance Director, K12, Inc.), and Patti Ashley (Finance Manager, K12, Inc.). The Official Response has been made a part of this report and may be found on page 5.



Based on the findings, Hoosier Academies will be addressing the comments made in the official financial audit report by:

1st Finding:

- The School was unable to locate receipt books for the period under review prior to November 30, 2016. Only master receipts, which are used to accumulate individual receipts into a total deposit amount, were available.
- For 3 of the 25 receipts tested, the receipt did not include a date that would allow us to determine if the funds were deposited in a timely manner.
- For 5 of the 25 receipts tested, the receipt did not show the form of payment (cash, check, etc.)

Response to Findings:

1. Additional processes have been instituted to ensure that cash receipts are available and able to be matched to master receipts.
 - Cash receipts will now include the master receipt number to better allow for matching
 - Master receipts will now include cash receipt numbers
2. Deposits will be made the next business day following receipt of funds

2nd Finding:

- Per review and discussion with school personnel, it was determined that the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27.

Response to Findings:

1. Developing procedure and training plan to ensure that IC 5-11-1-27, Part (g) is met and in place for FY 2018.