



STATE OF INDIANA
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February 7, 2018

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

We have reviewed the Supplemental Audit Report for Signature School, Inc. prepared by Kemper CPA Group, LLP, 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. Page 4 contains two audit results and comments. Management's response is on page 6.

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

SIGNATURE SCHOOL, INC.

Vanderburgh County, Indiana

**SUPPLEMENTAL COMPLIANCE
EXAMINATION REPORT**

Year Ended June 30, 2017



SIGNATURE SCHOOL, INC.

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SIGNATURE SCHOOL, INC.

SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Charter School Board	Robert L. Koch, II	7/1/16 to 6/30/17
Executive Director	Jean Hitchcock	7/1/16 to 6/30/17
Treasurer	Susan Parsons	7/1/16 to 6/30/17
Finance Director	Ashley DiMarco	7/1/16 to 6/30/17



TRANSMITTAL LETTER

The Officials of
Signature School, Inc.

We have audited the records of Signature School, Inc. (School) for the period from July 1, 2016 to June 30, 2017, and have issued our report thereon dated January 4, 2018. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contract, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

Kemper CPA Group, LLP

Certified Public Accountants and Consultants

Evansville, Indiana
January 4, 2018



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
Signature School, Inc.

We have examined Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2017. 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, 2017.

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
January 4, 2018

Certified Public Accountants and Consultants

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2017

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.

Bad Debts and Uncollectible Accounts

Our testing revealed that the School is not following its internal policy regarding bad debts and uncollectible accounts. The School's policy states that accounts over 30 days past due will receive a statement of the balance to the student's residence, over 60 days will receive a letter. Over 90 days another statement will be mailed and emailed to the account holder and over 180 days will be turned over to collections agency. Section 10 of the Charter School Manual requires the School to maintain documentation for all efforts made by the School to collect amounts owed prior to write offs. At the end of the fiscal year there were numerous accounts that were in excess of 180 days that had not been turned over for collections. Additionally, the School did not maintain documentation for all efforts made to collect the outstanding accounts.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: The charter school must have a written policy concerning a procedure for writing off of bad debts, uncollectible accounts receivable or any adjustments to record balances. Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Exit Conference
Year Ended June 30, 2017

The contents of this report were discussed on December 5, 2017, with the following persons:

Susan Parsons, Treasurer
Ashley DiMarco, Finance Director

The Official Response has been made a part of this report and may be found on page 6

Signature School

GLOBALLY FOCUSED • NATIONALLY RECOGNIZED • LOCALLY CONNECTED

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, 2017:

Audit Report

Receipts and Deposits

While Signature School has significantly improved the timing of receipts and deposits over the last few years, Signature School's staff is very small and the employee designated to deliver deposits to the bank is occasionally unable to leave the front desk to make deposits during banking hours. To help with this in the 2017-2018 audit period, Signature School has added part-time office assistance as well as designated the Finance Director as an additional authorized employee to deliver deposits to the bank, with added internal controls.

Bad Debts and Uncollectible Accounts

During the audit period both an update to the policy was approved by the board and staffing changes were made to improve the school's ability to follow the collections policy. The updated policy is currently being followed in the 2017-2018 school year for current accounts and the Finance Director has contacted a couple of potential collections agencies to assist with older accounts.

Sincerely,



Susan E. Parsons
Treasurer
Signature School, Inc.