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March 14, 2018

Charter School Board
Indiana College Preparatory School, Inc.
4050 E 38th St
Indianapolis, IN 46218

We have reviewed the Supplemental Audit Report for Indiana College Preparatory School, 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 through 4 contain four 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

**SUPPLEMENTAL AUDIT REPORT
OF
INDIANA COLLEGE PREPARATORY SCHOOL, INC.**

MARION COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2016 to June 30, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Nicole McDonald	07/01/16 – 06/30/17
Treasurer of Board of Directors	Lonnie Tate	07/01/16 – 06/30/17
Business Manager	Dave Massa	07/01/16 – 06/30/17



Donovan CPAs

The Board of Directors
Indiana College Preparatory School, Inc.

We have audited the financial statements of Indiana College Preparatory School, Inc., (the "School") as of and for the year ended June 30, 2017, and have issued our report thereon dated February 1, 2018. 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
February 1, 2018

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INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period July 1, 2016 to June 30, 2017 revealed that the June 30, 2017 cash balance in the Public Charter School Program grant fund did not accurately reflect the ending balance in the grant. The Form 9 reflected a refundable advance of \$43,392, when the accounting records show no balance. Additionally, Fund 800 (School Lunch Fund) is overdrawn by \$33,270.

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 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 fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the charter school. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

CAPITAL ASSET REPORTING

The School did not conduct a formal capital assets inventory in fiscal year 2017.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

RECEIPTS AND DEPOSITS

The School did not provide receipts to individuals making payments to the School.

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. (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, we 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))

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2016 to June 30, 2017

The contents of this report were discussed on December 21, 2017 with Jamyce Curtis-Banks (Incoming Board of Directors President, effective January 1, 2018), Nicole McDonald (Board of Directors President through December 31, 2017), Marshall Emerson (Business Manager), and Yvonne Adkins (Outside Consultant). The Official Response has been made a part of this report and may be found on page 6.



I CAN SCHOOLS INDIANA

4050 East 38th Street Indianapolis, IN 46218 | 317.432.9222 | www.icanschools.org

Wednesday, January 3, 2018

To: The Donovan Team
From: I CAN SCHOOLS – Indiana

Re: *Ind. College Prep 2017 SBOA Report*

The following is the I Can Schools – Indiana response to the auditor’s SBOA comments.

FINANCIAL REPORTING

I Can Schools – Indiana and Indiana College Preparatory School leadership understands the fund balance of any fund may not be reduced below zero. Management will work diligently, and close to the accountants to ensure none of the funds have a zero balance. This will be an ongoing function that will be reviewed regularly.

CAPITAL ASSET REPORTING

Indiana College Preparatory School leadership and management will ensure a complete inventory of all capital assets owned which reflects their acquisition value. The school and management will work with the school’s accountants to make sure this inventory is recorded on the applicable Capital Assets Ledger.

RECEIPTS AND DEPOSITS

I Can Schools – Indiana management will work with the school leadership to ensure all receipts 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. This policy will be used in all cash or check transactions at the school.

MINIMUM INTERNAL CONTROL STANDARDS

Indiana College Preparatory School leadership and management will ensure that the internal control standards and procedures developed are being followed. Additionally, all relevant personnel at the school will be trained on the internal control standards and procedures adopted by the school board of directors.

Respectfully,

Marshall Emerson
I Can Schools – Indiana

MISSION: To prepare students for a college preparatory high school that will ensure success and graduation from a four year college.

Part of the I CAN SCHOOLS Network