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July 26, 2018

Charter School Board
Drexel Foundation for Educational Excellence, Inc.
d/b/a Thea Bowman Leadership Academy
975 West 6th Avenue
Gary, IN 46402

We have reviewed the Supplemental Audit Report for Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy 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
DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a THEA BOWMAN LEADERSHIP ACADEMY
LAKE 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	Michael Suggs	07/01/16 – 06/30/17
Principal (Middle and High School)	Sarita Stevens	07/01/16 – 06/30/17
Principal (Elementary School)	Michael Collins	07/01/16 – 06/30/17
Treasurer	Eva Spilker	07/01/16 – 06/30/17



Donovan CPAs

The Board of Directors
Drexel Foundation for Educational Excellence, Inc.

We have audited the financial statements of Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy (the "School") as of and for the year ended June 30, 2017 and have issued our report thereon dated December 20, 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 20, 2017

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DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a THEA BOWMAN LEADERSHIP ACADEMY
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

TICKET SALES

The School charges admission to various athletic and other school events. It did not maintain proof that pre-numbered tickets were used.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (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)

RECEIPTS AND DEPOSITS

In our testing of receipts and deposits, we examined records relating to cash received at the School pertaining to items such as field trips, clothing, and dues. We selected 25 receipts from the School's receipt books for the year. From these transactions, we noted that 20 were not deposited in a timely manner.

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)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a THEA BOWMAN LEADERSHIP ACADEMY
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

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).

The School's certification on the Gateway platform on the adoption of and training on internal control standards was made incorrectly. The school personnel did not understand the requirements set forth by IC 5-11-1-27(g) prior to the certification and have since realized that they should have answered that the School was not in compliance.

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))

EMPLOYEE BOND

The School did not provide support to verify they had a cash bond or an insurance policy covering individuals designated to handle cash, receipts, and disbursements.

The organizer shall designate employees who are responsible for handling a majority of the cash, receipts, and disbursements. The designated employees must have either a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors, and omissions. The cash bond or insurance policy should represent an average amount of cash or receipts on hand during the school year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a THEA BOWMAN LEADERSHIP ACADEMY
LAKE COUNTY, INDIANA
Exit Conference
July 1, 2016 to June 30, 2017

The contents of this report were discussed on December 20, 2017 with Eva Spilker, Director of Finance at The Phalen Leadership Academies. Eva presented the contents of this report to the Board Treasurer on December 20, 2017. The report will be presented to the full Board of Directors at its next meeting in January 2018. The Official Response has been made a part of this report and may be found on page 6.



Thea Bowman Leadership Academy

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Gary, Indiana 46406
Office (219) 944-3100
Fax (219) 977-4780

December 20, 2017

Donovan, P.C.
9245 N. Meridian Street, Suite 302
Indianapolis, IN 46260

This letter is to outline responses to 12/20/17 Supplemental Report audit findings:

- 1) Ticket Sales – to correct this finding, Thea Bowman Leadership Academy has implemented the below procedures: Activity Sponsors must utilize pre-printed, numbered tickets or receipts that allow one part to be issued to event attendee and one part to be retained by Activity Sponsor. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. All tickets or receipts must be accounted for and summarized on an SA-4 deposit summary that is approved by the Activity Sponsor and the school Principal. The Principal approved deposit slip and deposit worksheet are emailed to Finance and then filed at the school.
- 2) Receipts and Deposits – to correct this finding, Thea Bowman Leadership Academy has implemented procedures requiring support for all deposits to be scanned and reconciled monthly as a part of the month end close. Receipts are reviewed and approved by the school Principal and a reconciliation worksheet is prepared to account for all funds. The approved reconciliation worksheet and all supporting receipts are scanned to finance and reconciled to the bank statement monthly.
- 3) Minimum Internal Control Standards – All staff that handle school funds or supervise those that handle school funds will be required to take the training required by the State of Indiana. All staff that handle school funds or supervise those that handle school funds will certify that they have completed the required training. The policies and procedures will also be reviewed to ensure that they are in compliance with all additional IC guidelines.
- 4) Employee Bond – employee theft and dishonesty coverage is being added to Thea Bowman's insurance coverage. We will provide proof of coverage as soon as the policy is issued.

Thank you,

Earl Phalen, Superintendent

NAME, TITLE

Signature