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November 13, 2018

Charter School Board
Avondale Meadows Academy, Inc.
d/b/a/ United Schools of Indianapolis
3980 Meadows Dr.
Indianapolis, IN 46205

We have reviewed the Supplemental Audit Report for Avondale Meadows Academy, Inc. d/b/a/ United Schools of Indianapolis prepared by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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 5 contain four audit results and comments.

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
AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
MARION COUNTY, INDIANA
JULY 1, 2017 TO JUNE 30, 2018

GREENWALT^{CPAs}

We Deliver Peace of Mind

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
SUPPLEMENTAL AUDIT REPORT
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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director - United Schools of Indianapolis	Kelly Herron	N/A
Director of Business Affairs – United Schools of Indianapolis	Janie Seivers	N/A
Chairman of the Board Of Directors	Kelly Braverman	08/25/2017 – to date

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To the Board of Directors of Avondale Meadows Academy, Inc. d/b/a
United Schools of Indianapolis:

We have audited the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis ("USI") as of and for the year ended June 30, 2018 and have issued our report thereon dated October 22, 2018.

In connection with that audit and with our consideration of USI's internal controls as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* (Guide), Issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the year ended June 30, 2018.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to USI. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on USI's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which are described in the accompanying Schedule of Audit Results and Comments.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

Greenwalt CPAs, Inc.

October 22, 2018

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Payments were not certified by the designated employee.

Eleven out of the forty selections for cash disbursements did not have appropriate signatures of approval by the designated employee on the Accounts Payable Voucher (Form 523).

All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: Charter schools may not draw a warrant or check for payment of a claim unless; (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

Management response:

While all payments were reviewed and approved by the Director of Business Affairs, the proper documentation was not signed. As a result, we have realigned responsibilities, requiring the Business Manager to review the AP vouchers, ensuring they have been signed, before filing the documents.

Travel reimbursements were not in compliance with USI's travel policy.

Three of the five travel reimbursements tested reimbursed employees for actual gas expenditures. This is inconsistent with USI's travel policy to reimburse for mileage traveled.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate.

If the charter school authorizes travel advances, it must have a policy identifying the individual who may receive an advance, the use and purpose of the advance, the information that is required to account for the advance, a reconciliation of actual expenses (upon return for the trip) versus amounts advanced, the refunding of any excess money that was advanced in a timely manner.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. The claims must be in writing, itemized, and supported with original receipts, and documentation that the trip was for charter school business.

The charter school must establish a policy which describes the circumstances when it is appropriate for providing food and beverages at meetings, training, and conferences sponsored by the charter school. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

Management response:

It has been noted that our procedures did not match our policy regarding travel reimbursement. As a result, we have updated our Travel policy, allowing for the most affordable and efficient mode of transportation to be utilized.

Ticket sales for events are not reported appropriately.

For all ticket sales events selected, the ticket sales were not documented within a ticket report and did not have a proper SA - 4 form. The date of receipt was not provided for two out of the three events.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS, CONTINUED

Tickets, goods for sale, billings and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the charter school (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10). 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).

Management response:

Ticket sales were new to our organization in 2017-18. As a result of this comment we have taken the following steps:

1. Acquired the appropriate forms required by SBOA (SA-4).
2. Designated individuals from each location to oversee tickets sales.
3. Arranged for the Business Manager to manage the process at each location, ensuring we are compliant with SBOA standards.

Textbook rental documents were not properly maintained for the Avondale Meadows Middle School.

For the textbook rental selection from Avondale Meadows Middle School, there was no TBR-2 form and no supporting documentation for student, signature of officer, and receipt given to payer.

This form is to be pre-numbered and printed in triplicate. The form, one set for each student, is to be prepared when textbooks and related materials are issued to the student. The form provides for the date the textbooks were issued, the name of the student and the total fee collected. The completed form shall be signed by the issuing officer who could be the treasurer or someone designated by the treasurer to issue the textbooks and collect the rental fees. If the volume of transactions for grades with a fixed list (applicable to all students) of books and materials is great enough to demand it, a copy of the printed list may be attached to the TBR-2 form and the form processed with a reference to such attached list instead of further itemization.

The original of Form TBR-2 is to be given the payer (student or parent). The duplicate is to be retained by the issuing officer and the triplicate is to remain intact in the book. The duplicate, together with rental fees collected, must be transmitted daily to the treasurer. The treasurer may direct the issuing officer to deposit all fees collected each day and submit an acknowledged, duplicate deposit slip with duplicate copies of Form TBR-2. The treasurer may also require the issuing officer to submit a summary or recap sheet of all fees collected by grade or other designated categories. If this is done, the total of the summary or recap sheet must agree with the amount on the duplicate deposit sheet as well as the total of all TBR-2 forms submitted for the day. All duplicates of Form TBR-2 shall be filed alphabetically, by student last names, in the office of the treasurer for audit purposes. A separate TBR-2 shall be issued each time a payment is made.

The triplicate copy of Form TBR-2 with book list attached, if any, must be kept in the files of the issuing officer until the close of the semester. When the students return rented textbooks, the issuing officer must check the returned books to the list of those issued as shown on the copy of the files. The student shall then pay for all textbooks damaged or not returned in accordance with the policy adopted by the school officials. All money received for lost or damaged books together with the triplicate books of Form TBR-2 containing proper notations must be remitted to the treasurer. The treasurer will file the triplicate copy (complete books).

Duplicate and triplicates will remain intact in the book if the issuing officer is the treasurer.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS, CONTINUED

The original copy of Form TBR-2 shall be given to the student if the student pays the fee. The copy serves as a receipt for the rental fees collected from the student. When book lists are used in lieu of itemization on the form (all students using the same books), a copy of the appropriate list shall be attached to the student's copy and one copy shall be retained for audit. When issuing officers other than the treasurer are designated to issue books and collect rental fees, the treasurer shall issue an official receipt to the issuing officer each time the issuing officer transmits the money or submits a certified deposit slip, to cover such fees, to said treasurer. Receipts shall be issued and recorded at the time of the transaction; i.e., 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 2).

Management Response:

This was clearly an oversight on our part in the start-up process of our new school, as we did not have a comment for our existing schools. In response, the Business Manager has secured the proper receipt book (TBR-2) for Avondale Meadows Middle School and will provide a receipt for each payment received from an AMMS student towards textbooks fees.

AVONDALE MEADOWS ACADEMY, INC. D/B/A

UNITED SCHOOLS OF INDIANAPOLIS

MARION COUNTY, INDIANA

EXIT CONFERENCE

The contents of this report were discussed on October 22, 2018 with School Officials – Kelly Herron, Janie Seivers and the Board of Directors. The officials concurred with our findings.