



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B51373

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

November 26, 2018

Charter School Board
Rural Community Schools, Inc.
2385 IN-63
Sullivan, IN 47882

We have reviewed the Supplemental Audit Report for Rural Community Schools, Inc. prepared by Donovan CPAs, 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. Page 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
RURAL COMMUNITY SCHOOLS, INC.**

SULLIVAN COUNTY, INDIANA

July 1, 2017 to June 30, 2018



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Payroll Compliance	3
Minimum Internal Controls Standards	3
Exit Conference	4
Official Response	5

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
School Officials
July 1, 2017 to June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Meleah Sullivan	07/01/17 – 06/30/18
School Leader	Tanna Jo Weszely	07/01/17 – 06/30/18
Chief Financial Officer	Leona Davis	07/01/17 – 06/30/18



Donovan CPAs

The Board of Directors
Rural Community Schools, Inc.

We have audited the financial statements of Rural Community Schools, Inc. (the “School”) as of and for the year ended June 30, 2018 and have issued our report thereon dated November 13, 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
November 13, 2018

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

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Audit Results and Comments

July 1, 2017 to June 30, 2018

PAYROLL COMPLIANCE

The School has part-time employees who complete timecards to keep track of hours worked. In our sample of fifteen contracts, seven pertained to part-time employees. From this sample of seven part-time employees, none of the timecards tested contained a supervisor's signature.

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, must show signs of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

MINIMUM INTERNAL CONTROL STANDARDS

Per review and discussion with school personnel, it was determined that the School was not in compliance with the minimum internal control requirements as set forth by IC 5-11-1-27(g). The standards were adopted, but personnel did not receive training.

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))

RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

Exit Conference

July 1, 2017 to June 30, 2018

The contents of this report were discussed on November 13, 2018, with Meleah Sullivan (Board President), Derek Grant (School Leader), Leona Davis (CFO), Mike Pierce (Compliance Officer), and Susie Pierce (Board Consultant). The official response has been made a part of this report and may be found on page 5.

Mailing Address
P.O. Box 85
Graysville, IN 47852
Phone 812-382-4500

Rural Community Academy
"A Public School Where Every Child Soars"
www.rcsi.k12.in.us

Physical Address
2385 N. State Road 63
Sullivan, IN 47882
Fax 812-382-4055

November 13, 2018

To: Donovan, Certified Public Accountants and Advisors

You have audited the financial statements of Rural Community Schools, Inc. dba Rural Community Academy, as of and for the year ended June 30, 2018 and have issued your report thereon dated November 5, 2018. As part of your audit, you 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 you found we were not in compliance. Below is our response to those compliance findings.

PAYROLL COMPLIANCE

With the advent of a new school leader/chief operations officer and a new chief academics officer, it is apparent that they did not comprehend the importance of authoring their signatures on timesheets to show they had reviewed and agreed with the data. The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, will show signs of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

MINIMUM INTERNAL CONTROL STANDARDS

The School was not in compliance with the minimum internal control requirements as set forth by IC 5-11-1-27(g). The standards were adopted, but personnel did not receive training. That training will begin immediately for all bonded employees.

Respectfully submitted,



Meleah Sullivan
President, Rural Community Schools Inc



Leona Davis
Chief Financial Officer, RCA

*"Come to the edge." "It's too high." "Come to the edge." "We might fall." "Come to the edge."
And they came. And he pushed them. And they flew. —Apollinaire*