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STATE OF INDIANA

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January 9, 2019

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, 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.

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, 2017 to June 30, 2018

Donovan CPAs

TABLE OF CONTENTS

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2017 to June 30, 2018

Office	Official	Term
President of Board of Directors	Jamyce Curtis Banks	07/01/17 – 01/31/2018
	Vacant	02/01/2018 – 06/30/2018
Treasurer of Board of Directors	Lonnie Tate	07/01/17 – 01/31/2018
	Vacant	02/01/2018 – 06/30/2018
Business Manager	Marshall Emerson	07/01/17 – 01/31/2018
	Vacant	02/01/2018 – 06/30/2018

Donovan CPAs

Mr. Geoffrey Cherry, Orbital, LLC
Independent Consultant to 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, 2018, and have issued our report thereon dated December 7, 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

Donovan

Indianapolis, Indiana
December 7, 2018

RECORD RETENTION

We were unable to conduct testing related to compliance with the provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts due to the lack of records and documentation of business and financial transactions. The School had its charter revoked and ceased operations in June 2018. Adequate provisions were not made to retain school records in a satisfactory manner for retrieval, specifically:

1. Student counts
2. Teacher contracts and personnel files
3. Physical asset inventories
4. Internal control compliance certifications and policies
5. Transactional vouchers and invoices
6. Cash receipt books
7. School meal claims and supporting documents

Charter school administrators must be cognizant of their duties of care, loyalty, and obedience. The duty of care requires administrators to be familiar with charter school's finances and activities and to participate regularly in its operations. Duty of loyalty requires that any conflict of interest, real or possible, always be disclosed in advance of being employed and when they arise. A charter school had the duty to insure that the school complies with applicable laws and regulations and its internal policies and procedures. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

REQUIRED REPORTS

The financial report to the Indiana Department of Education (Form 9) submitted by the School did not properly reflect the cash activity for the period from July 1, 2017 to June 30, 2018. Receipts and expenditures reported in the various fund accounts did not accurately reflect the activity in those funds. In addition, the total cash balance per the Form 9 did not agree to the cash balance recorded in the accounting records as of June 30, 2018 and was under-reported by the amount of $43,392.

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 of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of 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)

INDIANA COLLEGE PREPARATORY SCHOOL, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2017 to June 30, 2018

The contents of this report were discussed on December 7, 2018 with Geoffrey Cherry, Orbital, LLC (Independent Consultant to Indiana College Preparatory School, Inc.). The entire management team and Board of Directors of the School have disbanded upon revocation of the School's charter and its simultaneous ceasing of operations. Mr. Cherry was hired subsequently to the School's charter revocation to assist with closing procedures and therefore was neither responsible for the deficiencies reported in the Audit Results and Comments section of this report, nor responsible for developing a plan of corrective action. As such, no official response has been obtained.