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February 7, 2019

Charter School Board  
Herron High School, Inc.  
d/b/a Indianapolis Classical Schools  
110 East 16th Street  
Indianapolis, IN 46202

We have reviewed the Supplemental Audit Report for Herron High School, Inc. d/b/a Indianapolis Classical Schools prepared by Katz, Sapper & Miller, LLP, 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 five audit results and comments. Management's response is on pages 5 through 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  
HERRON HIGH SCHOOL, INC.  
d/b/a INDIANAPOLIS CLASSICAL SCHOOLS  
AND ITS WHOLLY-OWNED SUBSIDIARIES**

MARION COUNTY, INDIANA  
JULY 1, 2017 TO JUNE 30, 2018

**HERRON HIGH SCHOOL, INC.  
d/b/a INDIANAPOLIS CLASSICAL SCHOOLS  
AND ITS WHOLLY-OWNED SUBSIDIARIES**

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**HERRON HIGH SCHOOL, INC.  
d/b/a INDIANAPOLIS CLASSICAL SCHOOLS  
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**SCHOOL OFFICIALS**

<b>Office</b>	<b>Official</b>	<b>Term</b>
Treasurer and Chief Financial Officer	Juli Woodrum	07-01-17 to 06-30-18
Superintendent of Schools and Head of School	Janet H. McNeal	07-01-17 to 06-30-18
Board Treasurer	Adrian Miller	07-01-17 to 06-30-18
President of the Charter School Board	Joanna Taft	07-01-17 to 06-30-18

*Independent Auditors' Supplemental Audit Report*

Board of Directors  
Herron High School, Inc. d/b/a Indianapolis Classical Schools  
and Its Wholly-Owned Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the *Uniform Compliance Guidelines for Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts, the consolidated financial statements of Herron High School, Inc. d/b/a Indianapolis Classical Schools and its Wholly-Owned Subsidiaries as of and for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that Herron High School, Inc. d/b/a Indianapolis Classical Schools and its Wholly-Owned Subsidiaries failed to comply with the conditions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, established by the Indiana State Board of Accounts, except as stated in the Audit Results and Comments.

This report is intended solely for the information and use of the Board of Directors and management of Herron High School, Inc. d/b/a Indianapolis Classical Schools and Its Wholly-Owned Subsidiaries and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
January 25, 2019

**HERRON HIGH SCHOOL, INC.  
d/b/a INDIANAPOLIS CLASSICAL SCHOOLS  
AND ITS WHOLLY-OWNED SUBSIDIARIES  
MARION COUNTY, INDIANA**

**AUDIT RESULTS AND COMMENTS**

**Year Ended June 30, 2018**

**TIMELY RECONCILIATION OF ACCOUNTS**

Accounts payable was not appropriately reconciled by Herron High School, Inc. d/b/a Indianapolis Classical Schools and Its Wholly-Owned Subsidiaries (the Organization) as of June 30, 2018. Additionally, various other accounts were not reconciled timely (defined as monthly).

All financial records must be kept up-to-date and reconciled monthly. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8*)

**FEES AND INTEREST INCURRED**

The August 2017 credit card statement included fees of \$35 and interest of \$7.61 which were charged to the Organization for going over the credit limit allowed.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 10*)

**BONDING REQUIREMENT**

The Organization did not have a cash bond or insurance policy in place to cover one of the designated employees responsible for handling cash, receipts and disbursements.

Designated employees are required to have appropriate bonding, either via a cash bond or an insurance policy which protects the Organization from theft, fraud, errors and omissions. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8*)

**EMPLOYEE REIMBURSEMENT FORMS**

Various employees did not submit reimbursement forms for travel expenses which the Organization reimbursed. Receipts were available to support the reimbursement amounts paid.

Travel and mileage reimbursement claims should be in writing, itemized and supported by original receipts. This documentation should also include proper documentation that the expenses were incurred for Organization business. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8 and Chapter 10*)

**PRESCRIBED FORMS**

The capital asset inventory is not kept on a prescribed or approved form.

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, Chapter 10*)

**HERRON HIGH SCHOOL, INC.  
d/b/a INDIANAPOLIS CLASSICAL SCHOOLS  
AND ITS WHOLLY-OWNED SUBSIDIARIES  
MARION COUNTY, INDIANA  
EXIT CONFERENCE**

The contents of this report were discussed on October 31, 2018 with Juli Woodrum, Treasurer and Chief Financial Officer; Adrian Miller, Board Treasurer; Janet McNeal, Superintendent of Schools and Head of School; and Mark Nottingham. The officials concurred with our audit findings.

The Official Response has been included on pages 5 and 6 of this report. The Official Response has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we express no opinion on the Official Response.



January 18, 2019

Katz, Sapper & Miller  
800 East 96th Street, Suite 500  
Indianapolis, IN 46240

Re: OFFICIAL RESPONSE

To Whom It May Concern:

As an official response to recommendations provided in the Supplemental Audit Report that accompanies the audit report of Herron High School, Inc. for the year ended June 30, 2018, management respectively submits the following response to your recommendations:

***Timely Reconciliation of Accounts***

Accounts payable was not appropriately reconciled by the Organization as of June 30, 2018. Additionally, various other accounts were not reconciled timely (defined as monthly).

All financial records must be kept up-to-date and reconciled monthly. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 8*).

Management Response Management was aware of the audit adjustments that were recommended prior to closing the books for June 30, 2018. However, neither adjustment had an impact on the income statement. The accounting staff reviews and monitors accounts regularly but will implement more formal reconciliation procedures.

***Fees and Interest Incurred***

The August 2017 credit card statement included fees of \$35 and interest of \$7.61 which were charged to the Herron High School, Inc. d/b/a Indianapolis Classical Schools and Its Wholly-Owned Subsidiaries (the School) for going over the credit limit allowed.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unite. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Chapter 10*).

Management Response With the start of the new school year, there is an extraordinary amount of purchasing during the months of July and August. Mid-cycle payments are usually made to ensure the credit limit is not exceeded. Unfortunately, a mid-cycle payment was not made prior to exceeding the limit in August 2017. Management has restructured the credit card accounts and has obtained a card with a higher limit for larger textbook and supply purchases made by the accounting staff. This new structure minimizes the risk of any card exceeding the limit.

### ***Bonding Requirements***

The School did not have a cash bond or insurance policy in place to cover one of the designated employees responsible for handling cash, receipts and disbursements.

Designated employees are required to have appropriate bonding, either via a cash bond or an insurance policy which protects the School from theft, fraud, errors and omissions. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Chapter 8).

*Management Response* Management will obtain a cash bond for the Controller that was added in late 2017. However, Herron High School, Inc. has extensive coverage within its general liability coverage including specific coverages for Employee Theft (\$250,000), Forgery or Alteration (\$250,000) and Errors & Omissions (\$1,000,000).

### ***Employee Reimbursement Forms***

Various employees did not submit reimbursement forms for travel expenses which the School reimbursed. Receipts were available to support the reimbursement amounts paid.

Travel and mileage reimbursement claims should be in writing, itemized and support by original receipts. This documentation should also include proper documentation that the expenses were incurred for School business. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Chapter 8 and Chapter 10).

*Management Response* Management implemented the travel reimbursement form in late 2017. The form is available in digital format for all employees. However, the utilization of the form by faculty is sporadic. Management will continue to communicate to all employees the requirement and will specifically communicate to those that submit a reimbursement without the form.

### ***Prescribed Forms***

The capital asset inventory is not kept on a prescribed or approved form.

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*, Chapter 10)

*Management Response* The capital asset inventory is maintained in the Fixed Asset module of Intacct. Management will obtain approval from the State Board of Accounts to ensure the reports generated from Intacct can be used in lieu of the prescribed forms.

We appreciate the recommendations provided by your team. If you require further information or clarification, please do not hesitate to contact me directly at [jwoodrum@herronhighschool.org](mailto:jwoodrum@herronhighschool.org) or 317.231.0010 x1109.

Respectfully,



Juli Woodrum  
Vice President & Chief Financial Officer