



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B52526

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April 5, 2019

Charter School Board
Ignite Achievement Academy, Inc.
1002 W 25th St.
Indianapolis, IN 46208

We have reviewed the Supplemental Audit Report for Ignite Achievement Academy, 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 finding in the report. Pages 3 through 5 contain seven audit results and comments. Management's response is on pages 7 through 10.

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
IGNITE ACHIEVEMENT ACADEMY, INC.

MARION COUNTY, INDIANA

July 1, 2017 to June 30, 2018



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IGNITE ACHIEVEMENT ACADEMY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2017 to June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Rod Haywood	07/01/17 – 06/30/18
Business Manager	Kimberly Ballin	07/01/17 – 06/30/18
Head of School	Shy-Quon Ely II	07/01/17 – 06/30/18



Donovan CPAs

The Board of Directors
Ignite Achievement Academy

We have audited the financial statements of Ignite Achievement Academy, Inc. (the “School”) as of and for the year ended June 30, 2018, and have issued our report thereon dated March 14, 2019. 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
March, 2019

IGNITE ACHIEVEMENT ACADEMY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

REQUIRED REPORTS

The School is required to file two biannual financial reports (“Form 9”) that accurately reflect the cash activity of the School. The School did not properly separate grants by fund on the Form 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)

RECEIPTS AND DEPOSITS

The School is required to issue receipts for all cash and checks collected on site. The School was unable to provide deposit support for ten of the fourteen receipts selected for testing.

Receipts shall be issued and recorded at the time of the transaction; for example, 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 8)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

CREDIT CARD USAGE

The School utilized credit cards for various expenditures during the year. The School paid penalties and interest to the credit card company during the year.

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee is the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

IGNITE ACHIEVEMENT ACADEMY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

INCOME ELIGIBILITY

The School is required to determine student income eligibility for certain government assistance. The School did not perform this income eligibility determination as it relates to textbook reimbursement assistance.

The department shall adopt procedures that must be followed by applicants in order for them to qualify for assistance under this chapter. These procedures must include obtaining information needed by the family and social services administration to determine if the recipient is a child who is a member of a qualifying family (as defined in IC 12-14-28-1), including the familial relationship of the child to the head of the household. The financial eligibility standard for an applicant under this chapter must be the same criteria used for determining eligibility for receiving free or reduced lunches under the national school lunch program. [Indiana Code 20-33-5-2 (Procedures to qualify for assistance)].

VENDOR DISBURSEMENTS

The School did not properly approve seven of the thirty-three accounts payable vouchers selected for testing.

The Accounts Payable Voucher (Form 523)...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 2)

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)

MINIMUM INTERNAL CONTROL STANDARDS

Per review and discussion with school personnel, the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27(g).

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))

IGNITE ACHIEVEMENT ACADEMY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

TICKET SALES

The School sold tickets for various events during the year. The School did not keep support for the number of tickets sold that reconciles to the corresponding deposit information.

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)

IGNITE ACHIEVEMENT ACADEMY, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2017 to June 30, 2018

The contents of this report were discussed on March 2, 2019 with Shy-Quon Ely II (Head of School), Rod Haywood (Chair of Board of Directors), Michael Wilkins (Board Member), April Hubbard (Business Operations Manager), and Carrie Moss (Outsourced Bookkeeper). The Official Response has been made a part of this report and may be found on page 7.



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Indianapolis, IN 46208

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www.igniteindy.org

Donovan CPAs
9292 N. Meridian Street, Suite 150
Indianapolis, IN 46260

RE: Official response to Indiana State Board of Accounts compliance findings:

REQUIRED REPORTS:

Finding:

The School is required to file two biannual financial reports (“Form 9”) that accurately reflect the cash activity of the School. The School did not properly separate grants by fund on the Form 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)

School Response:

Ignite’s CPAs will separate all grants out by fund according to the SBOA School – Uniform Compliance Guidelines Manual Part 4 – Funds and Fund Accounting. This separation will be made for the January – June 2019 Form 9 report and moving forward.

CASH RECEIPTS AND DEPOSITS:

Finding:

The School is required to issue receipts for all cash and checks collected on site. The School was unable to provide deposit support for ten of the fourteen receipts selected for testing.

Receipts shall be issued and recorded at the time of the transaction; for example, 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 8)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

School Response:

The 2018-19 school year began with major changes in administration, one of which was bringing in a new business operation manager due to deficiencies in work performance of the previous manager. Since coming on board, the new business operations manager has made changes to the way cash receipts and deposits are documented. As well, an excel spreadsheet has been created and outlines each deposit noting the names of payors, if we received cash or checks, the amount received, and the purpose for which funds were received. All documentation for each deposit is kept in a separate document with all related information, including a copy of the deposit slip, check copies and any other support documentation deemed necessary.

VENDOR DISBURSEMENTS:

Finding:

The School did not properly approve seven of the thirty-three accounts payable vouchers selected for testing.

The Accounts Payable Voucher (Form 523)...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 2)

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)

School Response:

The process of our business operations manager, since July 1, 2019 is to prepare an invoice approval form for all invoices and to obtain the necessary signatures prior to forwarding the documents to our CPA firm for accounts payable processing.

INCOME ELIGIBILITY:

Finding:

The School is required to determine student income eligibility for certain government assistance. The School did not perform this income eligibility determination as it relates to textbook reimbursement assistance.

The department shall adopt procedures that must be followed by applicants in order for them to qualify for assistance under this chapter. These procedures must include obtaining information needed by the family and social services administration to determine if the recipient is a child who is a member of a qualifying family (as defined in IC 12-14-28-1),

including the familial relationship of the child to the head of the household. The financial eligibility standard for an applicant under this chapter must be the same criteria used for determining eligibility for receiving free or reduced lunches under the national school lunch program. [Indiana Code 20-33-5-2 (Procedures to qualify for assistance)].

School Response:

The previous business operations manager was not aware that textbook reimbursement assistance forms were a requirement under the Community Eligibility Provision (CEP) program. For the current 2018-19 fiscal school year, we have worked to obtain completed textbook reimbursement forms from all of our required families and will make it a part of the enrollment process protocol moving forward.

CREDIT CARD USAGE

Finding:

The School utilized credit cards for various expenditures during the year. The School paid penalties and interest to the credit card company during the year.

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee is the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

School Response:

The current process after receiving the credit card statement is to reconcile the statement with corresponding receipts. Once the reconciliation is complete, an invoice approval form is prepared detailing expenditures on the form. The required signatures are then obtained along with the signed invoice approval form, a copy of the credit card statement and all supporting documentation which is then forwarded to Somerset for accounts payable processing. The full balance of the invoice is paid each month and all payments will be made on time each month so that we are not incurring penalties and interest from the credit card company.

MINIMUM INTERNAL CONTROL STANDARDS

Finding:

Per review and discussion with school personnel, the School was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27(g).

After June 30, 2016, the legislative body of a political subdivision shall ensure that: the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and personnel received training concerning the internal control standards and procedures adopted by the political subdivision.

(IC 5-11-1-27(g))

School Response:

The business operations manager will complete the required internal controls standards training, obtain certification and keep said certification on file in the business office.

TICKET SALES:

Finding:

The School sold tickets for various events during the year. The School did not keep support for the number of tickets sold that reconciles to the corresponding deposit information.

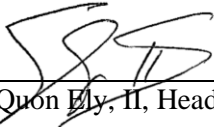
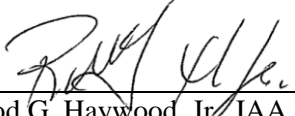
The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets 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)

School Response:

We will provide documentation, training and professional development opportunities for our athletic director on the prescribed SBOA policy of accounting for ticket sales at all extra-curricular events as well as the creation of standard operating procedures on file in the business office.

Sincerely,

 _____ Shy-Quon Ely, II, Head of School	_____ 3/14/19 Date
 _____ Rod G. Haywood, Jr, IAA Board Chair	_____ 3/14/19 Date