



STATE OF INDIANA
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April 5, 2019

Charter School Board
The Phalen Leadership Academy - Indiana, Inc.
2323 North Illinois St.
Indianapolis, IN 46208

We have reviewed the Supplemental Audit Report for The Phalen Leadership Academy - Indiana, Inc. prepared by CliftonLarsonAllen 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. Pages 3 through 4 contain six 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
THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
JULY 1, 2017 TO JUNE 30, 2018

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
SUPPLEMENTAL AUDIT REPORT
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THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------|-----------------|----------------|
| CEO | Earl Phalen | 2012 – Present |
| Director of Finance | Eva Spilker | 2013 – Present |

INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials
The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of The Phalen Leadership Academy – Indiana, Inc., as of and for the year ended June 30, 2018, and have issued our report thereon dated January 9, 2019.

In our audit, we noted that The Phalen Leadership Academy – Indiana, Inc. failed to comply with paying invoices by their due dates, use of prescribed forms and providing timely receipts for all cash receipts as required by the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines of Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts.

Our audit was not directed primarily toward obtaining knowledge as to whether The Phalen Leadership Academy – Indiana, Inc. failed to comply with the terms of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of The Phalen Leadership Academy – Indiana, Inc. 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 9, 2019

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY
AUDIT RESULTS AND COMMENTS**

Jim and Rosemary Phalen Leadership Academy (JRPLA)

Findings resulting from compliance procedures performed for JRPLA are as follows:

UNTIMELY INVOICE PAYMENT

During testing for JRPLA it was noted that there were two (2) occasions out of the sixty (60) disbursements tested in which the invoices were paid after their due date, resulting in late fees of \$65.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 10)

INCLUSION OF SALES TAX

During testing it was noted that there were thirteen (13) occasions out of the sixty (60) disbursements tested in which the invoices were paid and included sales tax.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 10)

FAILURE TO USE PRESCRIBED FORMS

All Charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, the School could not provide documentation to support the appropriate use of prescribed forms, approved forms, or replicas of prescribed forms.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 13)

George and Veronica Phalen Leadership Academy (GVPLA)

Findings resulting from compliance procedures performed for GVPLA are as follows:

UNTIMELY RECEIPT ISSUANCE

The charter school was unable to provide documentation to support that receipts (School City and Town Form No. 517) were issued at the time of the receipt of payments for fourteen (14) occasions out of the sixty (60) receipts tested.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY
EXIT CONFERENCE**

INCLUSION OF SALES TAX

During testing it was noted that there were eleven (11) occasions out of the sixty (60) disbursements tested in which the invoices were paid and included sales tax.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 10)

FAILURE TO USE PRESCRIBED FORMS

All Charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, the School could not provide documentation to support the appropriate use of prescribed forms, approved forms, or replicas of prescribed forms.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 13)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY
EXIT CONFERENCE**

The contents of this report were discussed with Eva Spilker, Chief Financial Officer, on December 18, 2018. The officials concurred with our audit findings.