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June 19, 2019

Charter School Board  
Global Leadership Academy, Inc. d/b/a Steel City Academy  
2650 W. 35<sup>th</sup> Avenue  
Gary, IN 46408

We have reviewed the Supplemental Audit Report for Global Leadership, Inc. d/b/a Steel City Academy prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 5 contain nine audit results and comments. Management's response is on page 7.

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  
**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**

LAKE COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**LAKE COUNTY, INDIANA**  
**School Officials**  
**July 1, 2016 to June 30, 2017**

<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
President of Board of Directors	Hillary Lewis	07/01/16 – 06/30/17
Executive Director and Principal	Katie Kirley	07/01/16 – 06/30/17
CFO/Business Manager	Robert Hart	07/01/16 – 06/30/17



# Donovan CPAs

The Board of Directors  
Global Leadership Academy, Inc.

We have audited the financial statements of Global Leadership Academy, Inc. d/b/a Steel City Academy (the “School”) as of and for the year ended June 30, 2017 and have issued our report thereon dated May 28, 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  
May 28, 2019

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**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**FORM USAGE**

The School did not use the following State Board of Accounts prescribed forms:

1. Vouchers for vendor disbursements
2. Receipts

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)

**BONDING**

The School was unable to provide documentation that it had a cash bond or insurance policy on behalf of employees designated for handling the majority of cash.

The organizer shall designate employees who are responsible for handling a majority of the cash, receipts, and disbursements. The designated employees must have either a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors, and omissions. The cash bond or insurance policy should represent an average amount of cash or receipts on hand during the school year. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

**REQUIRED REPORTS**

We reviewed Form 9 reporting filed by the School for the fiscal year. Funds related to federal cost-reimbursement grants did not reflect actual activity in those funds during the year.

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)

**CAPITAL ASSETS**

The School did not complete an annual inventory of fixed assets.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**VENDOR DISBURSEMENTS**

We tested a sample of 42 vendor disbursements. From that sample, we identified five instances where sales tax was paid.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**PAYROLL POLICIES AND COMPLIANCE**

We selected a pay period in October 2017 for testing. From that pay period, we selected a sample of 15 employees. The School was unable to provide labor contracts for four of those employees. Additionally, the School was unable to provide an explanation for why two employees were paid amounts that did not agree to the pay rates per their contracts.

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**AMOUNTS WITHHELD**

The School did not remit all tax withholdings from employee wages to the proper authority.

Each charter school is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes shall be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**TEXTBOOK RENTAL AND SCHOOL LUNCH REPORTING**

The School was unable to provide detail of meals served to support the claim selected for testing.

Charter schools should have internal controls in place to provide reasonable assurance that their goals and objectives are accomplished; laws, regulations, and good business practices are complied with; assets are safeguarded; and accurate and reliable data are maintained. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

The governing board is charged with the duty to preserve, keep, maintain, or file all the official records of the political subdivision pursuant to IC 5-15-1-1.

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**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 not adopted, but some personnel did 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))

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2016 to June 30, 2017**

The contents of this report were discussed on May 28, 2019, with Katie Kirley (Executive Director and Principal), Shanta Mack (Director of Finance), Dr. Catherine Buns (Board Chair), David Fischer (Vice Board Chair), Walter Landrum (Board Treasurer), and Katherine Pohlkamp (Board Member). The official response has been made a part of this report and may be found on page 7.

## FY2017 Audit Responses

**Form Usage:** The school began implementing the proper prescribed form usage in the 2018-2019 school year. Form usage will be fully implemented by July 1, 2019.

**Bonding Insurance:** The school in the past accepted minimal cash payments. However, the school is currently working with an insurance company to secure bonding insurance the bond the following positions: Executive Director, Administrative Assistants, Director of Finance, Principal, and Operations Manager.

**Required Reports:** The school in the past had not fully implemented the budget account code system as prescribed by the State Board of Accounts in the Uniform Accounting Policies by tracking expenditures in their respective fund numbers. Beginning with the 2018-2019 school year the school began tracking expenditures by using the proper budget account code sequence.

**Capital Assets:** The school will begin taking a physical inventory of all assets in the 2018-2019 school year. Inventory will be taken at the end of the 2018-2019 school year and then conducted semi-annually for each subsequent school year.

**Vendor Disbursements:** The school has obtained a Sales Tax Exemption Certificate from the Indiana Department of Revenue. The school will insure moving forward that all authorized purchasing agents has a copy of the certificate and is utilizing the certificate when making purchases on behalf of the school. The school has also contacted each utility vendor and completed the proper paperwork to take advantage of the sales tax on the utility bills as well.

**Textbook Rental and School Lunch Reporting:** The school will be implementing a new policy effective July 1, 2020 for the collection and tracking of Textbook Rental and for the school lunches served. The school will be implanting a POS counting system that will track students by name that are served during breakfast, lunch and snack periods. Because the school is CEP for the school lunch program the school will utilize the Direct Certification Report and the Textbook Rental Assistance form to identify the students who are Free and Reduced for textbook rental fees.

**Minimum Internal Control Standards:** As of May 20, 2019 all financial employees have been provided with Minimum Internal Control Standards training. The school will develop a training PowerPoint that will be used moving forward to ensure that all faculty and staff a properly trained on internal controls.

**Payroll Policies and Compliance:** The has implemented a policy that each employee will individually complete timesheets for each pay cycle to serve as verification each person works the contracted number or days. This will also ensure compliance with the school's policies for being out of the building for professional development or personal absences. Starting with FY20 each

employee will either sign an employment agreement or regular teacher's contract at the onset of employment. The contract language will outline any benefits eligible for that position and any supplemental compensation the person shall receive for extra duties. If there is an instance where additional compensation is awarded after the signing of the original agreement/contract an amendment will be drafted and signed by all parties. The school also implemented a policy where payroll is entered by one person, then is checked and certified by the Director of Finance prior to final processing. This policy has ensured that no unexplained variances have occurred or human error has not gone uncorrected.

**Amounts Withheld:** The school is currently working with all of the proper authorities to remit all past due tax withholdings from employee wages. The school is current on all withholdings that are currently due.