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June 28, 2019

Charter School Board
Global Leadership Academy, Inc. d/b/a Steel City Academy
2650 W. 35th 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, 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 and 4 contain seven audit results and comments. Management's response is on page 6.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

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, 2017 to June 30, 2018



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GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
LAKE COUNTY, INDIANA
School Officials
July 1, 2017 to June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Hilary Lewis	07/01/17 – 06/30/18
Executive Director and Principal	Katie Kirley	07/01/17 – 06/30/18
CFO/Business Manager	Robert Hart Katie Kirley	07/01/17 – 09/28/17 09/29/17 – 06/30/18



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, 2018 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, 2017 to June 30, 2018

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. It was identified that funds related to federal, cost-reimbursement grants did not reflect actual activity in those funds during the year. Additionally, total cash per the Form 9 at June 30, 2018 was overstated by approximately \$249,000.

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)

GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2017 to June 30, 2018

CAPITAL ASSETS

The School completed an annual inventory, but only for information technology equipment and not all 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)

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.

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, 2017 to June 30, 2018

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 6.

FY2018 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.

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.