



STATE OF INDIANA
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November 13, 2019

Charter School Board
Higher Institute of Arts and Technology, Inc.
PO Box 1113
Merrillville, IN 46411

We have reviewed the Supplemental Audit Report for Higher Institute of Arts and Technology, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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 two audit results and comments. Management's response begins on page 5.

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
HIGHER INSTITUTE OF ARTS AND TECHNOLOGY, INC.**

LAKE COUNTY, INDIANA

July 1, 2018 to June 30, 2019



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HIGHER INSTITUTE OF ARTS AND TECHNOLOGY, INC.
LAKE COUNTY, INDIANA
School Officials
July 1, 2018 to June 30, 2019

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Sharla Johnson	07/01/18 – 06/30/19
School Leader	LaRue Fitch	07/01/18 – 06/30/19
School Treasurer	Kimberlee Jewell	07/01/18 – 06/30/19



Donovan CPAs

The Board of Directors
Higher Institute of Arts and Technology, Inc.

We have audited the financial statements of Higher Institute of Arts and Technology, Inc. (the "School") as of and for the year ended June 30, 2019 and have issued our report thereon dated October 30, 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
October 30, 2019

HIGHER INSTITUTE OF ARTS AND TECHNOLOGY, INC.
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2018 to June 30, 2019

RECEIPTS AND DEPOSITS

We tested 25 receipts from the School's receipt books, noting the following instances of non-compliance:

1. The School was unable to provide deposit support for four receipts.
2. Of the 21 receipts for which deposit support was provided, fifteen were not deposited timely.
3. The School retained cash received on premises and used the cash to pay for various expenses. Funds remaining after usage were then deposited. This circumvented cash control processes.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (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)

VENDOR DISBURSEMENTS

We tested 61 vendor disbursement transactions. The School was unable to provide approved vouchers and related check copy payment support for all disbursements selected. The School was able to provide invoice support for 59 of the 61 disbursements 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)

HIGHER INSTITUTE OF ARTS AND TECHNOLOGY, INC.
LAKE COUNTY, INDIANA
Exit Conference
July 1, 2018 to June 30, 2019

The contents of this report were discussed on October 9, 2019 with Eva Spilker, Director of Finance at The Phalen Leadership Academies. Eva will present this report to the full Board of Directors at its next regularly scheduled meeting in 2019. The Official Response has been made a part of this report and may be found on page 5.

1. RECEIPTS AND DEPOSITS

We have reviewed the deposit procedures with the Office Manager, School Leader and Regional Director to be sure that all deposits have clear support and are deposited no later than the next business day. We have also implemented pex cards at the school to eliminate cash as much as possible. The School Leader can request funds to be added to the pex card and when the request is approved, the funds will be added to the card.

2. VENDOR DISBURSEMENTS

The school has a new Office Manager and we have reviewed Voucher procedures with the Office Manager and Regional Director. The Office Manager will complete Vouchers for all disbursements going forward and we will review quarterly for confirmation.