



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B53973

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

December 11, 2019

Charter School Board
Signature School, Inc.
610 Main Street
Evansville, IN 47708

We have reviewed the Supplemental Audit Report for Signature School, Inc. prepared by Kemper CPA Group, LLP, 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 4 contains three 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
Paul D. Joyce, CPA
State Examiner

SIGNATURE SCHOOL, INC.

Vanderburgh County, Indiana

**SUPPLEMENTAL COMPLIANCE
EXAMINATION REPORT**

Year Ended June 30, 2019



SIGNATURE SCHOOL, INC.

TABLE OF CONTENTS

| | <u>Pages</u> |
|---------------------------------|--------------|
| School Officials | 1 |
| Transmittal Letter | 2 |
| Independent Accountant's Report | 3 |
| Audit Results and Comments: | 4 |
| Receipts and Deposits | |
| Interest Expense on Payments | |
| Sales Tax on Payments | |
| Exit Conference | 5 |
| Official Response | 6 |

SIGNATURE SCHOOL, INC.

SCHOOL OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|--------------------|--------------------|
| President of the Charter School Board | Robert L. Koch, II | 7/1/18 to 6/30/19 |
| Executive Director | Jean Hitchcock | 7/1/18 to 6/30/19 |
| Treasurer | Susan Parsons | 7/1/18 to 6/30/19 |
| Finance Director | Ashley DiMarco | 7/1/19 to 11/30/19 |
| | None | 12/1/19 to 4/28/19 |
| | Jessica Bayles | 4/29/19 to 6/30/19 |



TRANSMITTAL LETTER

The Officials of
Signature School, Inc.

We have audited the records of Signature School, Inc. (School) for the period from July 1, 2018 to June 30, 2019, and have issued our report thereon dated December 4, 2019. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contract, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

Kemper CPA Group, LLP

Evansville, Indiana

Certified Public Accountants and Consultants

December 4, 2019



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
Signature School, Inc.

We have examined Signature School, Inc.'s (School) compliance with the *Accounting and Uniform Compliance Manual for the audits of Indiana Charter Schools* issued by the Indiana State Board of Accounts (Manual) during the year ended June 30, 2019. Management is responsible for the School's compliance with those requirements. Our responsibility to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements prescribed by the Indiana State Board of Accounts in *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, and, accordingly, included examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

Our examination disclosed certain instances of noncompliance with the Manual, as described in the Audit Results and Comments.

In our opinion, except for the noncompliance described in the third paragraph, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

This report is intended solely for the information and use of management, the Board of Directors, and the Indiana State Board of Accountants, and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group, LLP

Evansville, Indiana
December 4, 2019

Certified Public Accountants and Consultants

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Audit Results and Comments
Year Ended June 30, 2019

Receipts and Deposits

Our testing revealed that the School does not issue or record receipts at the time of the transaction.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 8: 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. All charter school money must be deposited in the designated depository no 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.

Interest Expense on Payments

Our testing revealed that the School paid interest fees for late payments on transactions.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

Sales Tax on Payments

Our testing revealed that the School paid sales tax for a transaction other than lodging.

Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Part 10: 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. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division.

Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in approved travel status may include state sales tax. However, it shall be kept in mind that claims for all such reimbursements must be supported by a fully itemized receipt showing date(s) of lodging, the name(s) of the person(s) occupying the room and the amount paid.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies shall always be contacted concerning tax exemptions and payments.

SIGNATURE SCHOOL, INC.
Vanderburgh County, Indiana
Exit Conference
Year Ended June 30, 2019

The contents of this report were discussed on September 25, 2019, with the following persons:

Susan Parsons, Treasurer

The Official Response has been made a part of this report and may be found on page 6.

Signature School, Inc.

Jessica Bayles, Finance Director

610 Main Street

Evansville, IN 47708

Voice 812-421-1820

Fax 812-421-9189

E-mail jessica.bayles@signature.edu



November 21, 2019

Michelle Smith

Kemper CPA Group Evansville,

IN

Dear Michelle:

Please see our official response below to the Audit Results letter you provided for our June 30, 2019 audit.

Receipts and Deposits

As you are aware, we lost our Finance Director after year end. We had a new Executive Assistant who receives our mail and in-person payments. If she is out sick or off work we have no one to take payments or make deposits. During this time we also had two individuals outside of Signature School recording payments, it is possible some deposits or records of receipts were missed due to delay of receiving or checking e-mail, since they were off-site. Generally, deposits are made within one school business day following receipt of the funds, and receipts are also issued generally within one school business day. We are currently working to ensure this is not an issue during the 2019-2020 school year.

Interest Expense on Payments

A few minor interest payments or late fees were paid due to transition in the Finance office and a lack of knowledge of the guidelines. Now, that we have a new Finance Director and things are more caught up, these will no longer be paid by the entity.

Sales Tax on Payments

A few minor amounts of sales tax were paid due to the transition in the Finance office. We will remind staff who are purchasing items to assure there is no sales tax charged. In addition, the Finance Director will review invoices prior to vouchering to assure no sales tax is included.

Sincerely,

Jessica Bayles

Finance Director