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December 30, 2019

Charter School Board
Alternatives in Education, Inc.
d/b/a Marion Academy
2107 N. Riley Ave
Indianapolis, IN 46218

We have reviewed the Supplemental Audit Report for Alternatives in Education, Inc. d/b/a Marion Academy prepared by Greenwalt CPAs, Inc., 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 four audit results and comments.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT OF
ALTERNATIVES IN EDUCATION, INC.
D/B/A MARION ACADEMY
MARION COUNTY, INDIANA
JULY 1, 2018 TO JUNE 30, 2019

GREENWALT^{CPAs}

We Deliver Peace of Mind

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY
SUPPLEMENTAL AUDIT REPORT
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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
School Director Marion Academy	LaToya Black	7/11/16 to 8/2/19
Chairman of the Board of Directors	Regina Ashley	7/1/16 to 7/29/19
Chairman of the Board of Directors	Reginald Fletcher	7/29/19 to present



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

To the Board of Directors of
Alternatives in Education, Inc. d/b/a Marion Academy:

We have audited the financial statements of Alternatives in Education, Inc. d/b/a Marion Academy (Marion Academy) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 23, 2019.

In connection with that audit and with our consideration of Marion Academy's internal controls as required by the *Guidelines for the Audits of Charter Schools Performed by Private Examiners* (Guide), issued by the Indiana State Board of Accounts, we performed procedures prescribed under the Guide for the year ended June 30, 2019.

As required by the Guide, we performed procedures to test compliance with the requirements that are applicable to Marion Academy. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the Marion Academy's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance with those requirements, which are described in the accompanying Schedule of Audit Results and Comments.

The purpose of this report is solely to describe the scope of our testing over compliance with the requirements prescribed under the Guide and the results of that testing, and not to provide a legal determination of compliance with those requirements. Accordingly, this report is not suitable for any other purpose.

Greenwalt CPAs, Inc.

December 23, 2019

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Credit card transactions were missing receipt support.

Marion Academy did not retain receipts for four out of five credit card transactions selected for testing. The four transactions without credit card receipt support totaled \$3,868.29.

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided certain criteria are observed including:

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Cash receipts were not deposited timely.

Marion Academy did not deposit on the next business day one out of the six cash receipts selected for testing. The receipt was instead deposited three business days later.

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)

Form 523 was improperly used for cash disbursements.

While Marion Academy did keep record of signed Form 523's for all 40 items selected for testing, the School warranted checks for 33 out of 40 disbursements selected for testing prior to Form 523 being certified and approved by the appropriate personnel.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form 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 8 and Part 2)

Marion Academy did not provide any support for monthly School Lunch Reports for the year ended June 30, 2019.

School Food Form SF-2, Daily Record of Cash Received, categorizes cash receipts on a daily basis and must be totaled monthly.

School Food Form SF-2A, Daily Record of Meals/Milk Served, records daily the number of meals/milk served and must be totaled monthly and will be a source of information for preparation of the monthly claim for federal reimbursement.

School Food Form SF-3, Cash Disbursements and Fund Balance, is used to record on a daily basis the disbursements of the School Food Service Program and together with the SF-2 acts as the source information for the calculation of the fund balance as shown on the SF-3. The disbursement categories Service Area Direction and Food Preparation and Dispensing are defined as:

-Service Area Direction. Activities pertaining to directing and managing the food service program for the school corporation.

-Food Preparation and Dispensing. Activities concerned with preparing and serving the food and beverages associated with the food service program. This includes operating kitchen equipment, preparing food, cooking, serving food, cleaning and storing dishes and kitchen and lunch room equipment.

Forms SF-1, SF-2, SF-2A, and SF-3 shall be maintained on a daily basis and totaled monthly. These monthly totals are a source of information for preparation of the claim for federal reimbursement, the quarterly financial report, etc. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

ALTERNATIVES IN EDUCATION, INC. D/B/A MARION ACADEMY.

MARION COUNTY, INDIANA

EXIT CONFERENCE

The contents of this report were discussed on December 23, 2019 with Geoffrey Cherry, Orbital Consulting Group. The official concurred with our findings.