



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B54271

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

January 9, 2020

Charter School Board
Otwell Miller Academy, Inc.
9558 E County Rd 150 N.
Otwell, IN 47564

We have reviewed the Supplemental Audit Report for Otwell Miller Academy, 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 three audit results and comments. Management's response is on pages 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
OTWELL MILLER ACADEMY, INC.

PIKE COUNTY, INDIANA

July 1, 2018 to June 30, 2019



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter.....	2
Audit Results and Comments:	
Required Reports	3
Capital Assets	3
Payroll Policies and Compliance.....	3
Exit Conference	4
Official Response.....	5

**OTWELL MILLER ACADEMY, INC.
PIKE COUNTY, INDIANA
School Officials
July 1, 2018 to June 30, 2019**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Jordan Hill	07/01/18 – 06/30/19
School Director	Rich Padgett	07/01/18 – 06/30/19
Board Secretary	Jenny Byrd	07/01/18 – 06/30/19



Donovan CPAs

The Board of Directors
Otwell Miller Academy, Inc.

We have audited the financial statements of Otwell Miller Academy, Inc., (the “School”) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 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
December 30, 2019

OTWELL MILLER ACADEMY, INC.
PIKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2018 to June 30, 2019

REQUIRED REPORTS

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the periods July 1, 2018 to December 31, 2018 and January 1, 2019 to June 30, 2019 revealed that the July 1, 2018 and June 30, 2019 cash balances did not reflect the balances as reported in the accounting records. The June 30, 2019 cash balance per the Form 9 was overstated by \$6,491. In addition, activity in individual funds did not agree with activity as represented in the School's financial records. Specifically, funds for Title I and Special Education grants showed balances where the balances should be zero and there is no fund to report activity for the Title IV grant.

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 July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

CAPITAL ASSETS

The School did not conduct a physical inventory during the year ending June 30, 2019.

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)

PAYROLL POLICIES AND COMPLIANCE

The School was unable to provide employment agreements for five employees out of the fifteen we selected for testing.

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)

OTWELL MILLER ACADEMY, INC.
PIKE COUNTY, INDIANA
Exit Conference
July 1, 2018 to June 30, 2019

The contents of this report were discussed on December 16, 2019 with Rich Padgett (School Director), Jordan Hill (Board President), and Sherryl Osgatharp (Board Member). The Official Response has been made a part of this report and may be found on page 5.



Otwell Miller Academy
9958 East County Road 150 North
Otwell, Indiana 47564

Response and Corrective Action

Audit Findings of July 1, 2018 to June 30, 2019 Audit

1. Form 9

The school will work with the accounting firm and representatives of the listed funds to ensure the correct procedures and reporting are completed in a timely manner. The cash overstatement of \$6,491 matches the amount of outstanding checks the school had at 6/30/19. I was under the impression the Form 9 should represent the bank account balance, not the balance on the books. There was a reconciliation performed for the Form 9. The methodology used has been changed moving forward.

2. Capital Assets

Starting in the fall of 2019 the school staff will complete an inventory of their individual rooms. These inventories will be completed each year to provide a consistent record of property.

3. Payroll Policy

Corrective action has been taken to update all employment contracts of the school including those of limited scope. Employee on boarding processes will also be examined to ensure all paperwork is completed and filed in a timely fashion.

Submitted By:

Rich Padgett, Director Otwell Miller Academy

December 30, 2019 (Originally mailed December 17, 2019)