



STATE OF INDIANA
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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

March 16, 2020

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, 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. Pages 3 through 4 contain five 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

SUPPLEMENTAL AUDIT REPORT
OF
GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY

LAKE COUNTY, INDIANA

July 1, 2018 to June 30, 2019



TABLE OF CONTENTS

	Page
School Officials.....	1
Transmittal Letter	2
Audit Results and Comments:	
Form Usage	3
Required Reports.....	3
Capital Assets	4
Amounts Withheld	4
Credit Card Usage	4
Exit Conference.....	5
Official Response	6

GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
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	Hilary Lewis Catherine Burns	07/01/18 – 10/31/18 11/01/18 – 06/30/19
Executive Director and Principal	Katie Kirley	07/01/18 – 06/30/19
CFO/Business Manager	Shanta Mack	07/01/18 – 06/30/19



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, 2019 and have issued our report thereon dated February 5, 2020. 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
February 5, 2020

GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2018 to June 30, 2019

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)

REQUIRED REPORTS

We reviewed Form 9 reporting filed by the School for the fiscal year. We noted that fund 2300 was overdrawn. Additionally, total cash per the Form 9 at June 30, 2019 was understated by approximately \$18,000.

A fund, as used in the Charter School Manual, represents moneys set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

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)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the charter school. (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, 2018 to June 30, 2019

CAPITAL ASSETS

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

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

Although the School appears to be remitting current tax withholding, the School did not remit all tax withholdings from employee wages to the proper authority in prior periods and such liability still remains as of year-end.

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)

CREDIT CARD USAGE

The School was not able to provide proper documentation for three of the five credit card transactions selected for testing.

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. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee is the responsibility of that officer or employee. (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
Exit Conference
July 1, 2018 to June 30, 2019

The contents of this report were discussed on January 29, 2020, with Katie Kirley (Executive Director and Principal), Shanta Mack (CFO/Business Manager), Dr. Catherine Buns (Board Chair), Katherine Polhkamp (Board Member), and Walter Landrum (Board Treasurer). The official response has been made a part of this report and may be found on page 6.



2650 West 35th Avenue
Gary, Indiana 46408
www.steelcityacademy.org

FY2019 Audit Responses

Form Usage: In July 2019 the school began using approved forms by the State Board of Accounts in the prescribed manner.

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. In July 2019, the school implemented the review of expenditures by Fund. This review will occur on a monthly basis by the finance department and bimonthly the board. The finance department will make recommendations accordingly. It will be the responsibility of the board to approve the transfer of allocations between budget line items and fund accounts. The school will adopt as part of the financial policies the procedures in which such requests may be made. The school will also reserve the right to cover from the educational or operational fund shortfalls that may occur in either the food service or athletic funds.

Capital Assets: The school will begin taking a physical inventory of technology assets in the 2018-2019 school year. Beginning with the end of fiscal year 20 the school will implement procedures of inventorying all assets. The inventory will be completed in July 2020 and then reviewed on a quarterly basis for updates.

Amounts Withheld: The school is currently working with all of the proper authorities to remit all past due tax withholdings from employee wages. In January 2020 the school will begin making monthly payments on the last outstanding withholding debt. The school will remain current on all subsequent withholding obligations.

Credit Card Usage: The school has implemented a policy of credit card usage. The policy states that credit card usage will be limited to purchases approved by the finance department and that receipts must be turned into the office immediately following the purchase. Any violation of the policy will result in usage being terminated. The employee will also be held responsible to repay the school for any purchases that cannot be substantiated. The school has also implemented a policy where the credit receipts will be stored with the respective statement for review by the board upon request and for auditing purposes.