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March 27, 2020

Charter School Board  
Vanguard Collegiate of Indianapolis  
2447 W 14th St.  
Indianapolis, IN 46222

We have reviewed the Supplemental Audit Report for Vanguard Collegiate of Indianapolis 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. Pages 3 through 4 contain five audit results and comments. Management's response is on pages 6 through 7.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

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SUPPLEMENTAL AUDIT REPORT OF  
VANGUARD COLLEGIATE OF INDIANAPOLIS

MARION COUNTY, INDIANA  
JULY 1, 2018 TO JUNE 30, 2019

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GREENWALT<sup>CPAs</sup>

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VANGUARD COLLEGIATE OF INDIANAPOLIS  
SUPPLEMENTAL AUDIT REPORT  
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JUNE 30, 2019

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Juan Pablo Roman-Lagunas	07/01/2018 – 6/30/2019
Treasurer	Andrew Salmon	07/01/2019 – to date
Executive Director	Robert Marshall	07/01/2018 – to date



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

To the Board of Directors of  
Vanguard Collegiate of Indianapolis:

We have audited the financial statements of Vanguard Collegiate of Indianapolis (the School) as of and for the year ended June 30, 2019 and have issued our report thereon dated March 11, 2020.

In connection with that audit and with our consideration of the School'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 the School. Our procedures were substantially narrower in scope than an audit, the objective of which is the expression of an opinion on the School'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.*

March 11, 2020

VANGUARD COLLEGIATE OF INDIANAPOLIS

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Supporting documentation not maintained for cash receipts.

The School did not maintain adequate supporting documentation for 10 out of 40 selected cash receipts.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Form 523 is not being used for disbursements. Disbursements were made that did not agree to supporting documentation. Disbursements did not have documentation for the expense. Disbursements were made with differing amounts from contract stipulation. Disbursements were made containing sales tax.

Out of 40 selections, all 40 items were missing Form 523 and board approval. Out of 40 selections, one item did not agree to supporting documentation. Out of 40 selections, one item did not have supporting documentation. Out of 40 selections, one item varied from stipulated contract amounts. Out of 40 selections, one disbursement contained sales tax totaling \$8.19.

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; (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)

All claims, invoices, receipts, and accounts payable vouchers shall contain adequate detailed documentation. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Payments made or received for contractual services must be supported by a written contract. Each charter school is responsible for complying with the provisions of its contracts. (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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8 and Part 2)

VANGUARD COLLEGIATE OF INDIANAPOLIS

MARION COUNTY

SCHEDULE OF AUDIT RESULTS AND COMMENTS

Job acceptance letters were not provided for four out of twelve payroll selections

For four of the twelve personnel selected, Vanguard was unable to provide job acceptance letters or teacher contracts to substantiate payroll amounts. Additionally, GCPAs was unable to recalculate wages for three out of twelve employees.

All compensation and benefits paid to employees must be included in the at-will employment agreement or letter, or labor contract or salary schedule, unless otherwise authorized by statute. All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless authorized by statute. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, must show signs of supervisory approval. The organizer must designate an employee to review supporting documentation to ensure payments are accurate and due the employee for services rendered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Cash per the financial statements did not agree to the cash per Form 9 as of 6/30/19 and reconciliation of accounts.

In comparing cash amounts according to the financial statements compared to the Form 9, GCPAs noted a difference of approximately \$60,000. Additionally, GCPAs noted several accounts included within the financial statement records were not being reconciled on a regular basis.

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) All financial records must be kept up-to-date and reconciled monthly. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Form 9's were not submitted timely.

In reviewing the Period 1 and Period 2 Form 9's, GCPAs noted that neither form was submitted by the required date.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. In order to not duplicate efforts, the State Board of Accounts considers the combination of the two 6 month periods for each school year on the Indiana Department of Education's (IDOE) Form 9 Biannual Financial Reports as the annual report for charter schools. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

VANGUARD COLLEGIATE OF INDIANAPOLIS

MARION COUNTY, INDIANA

EXIT CONFERENCE

The contents of this report were discussed on March 11, 2020 with Robert Marshall (Executive Director), Tamara Chaney (Outsourced Accountant with Milestone Accounting) and Andrew Salmon (Treasurer). The officials concurred with our findings.

Vanguard Collegiate  
of Indianapolis

2447 W. 14<sup>th</sup> St.

Indianapolis, IN 46222

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317-513-2128 (c)



March 12, 2020

**Board of Directors**

Asia Bartee  
**Chair**

Sibeko Jywanza  
**Vice-Chair**

Andrew Salmon  
**Treasurer**

Sherry Oliver  
**Secretary**

Latoya Pitts  
**Board Member**

Candace Pate  
**Board Member**

Albert Bartee  
**Board Member**

Amanda Meko,  
Partner, Director of  
Audit and Other  
Assurance Services

Greenwalt  
5342 West Vermont Street  
Indianapolis, IN 46224

Amanda,

We are thankful for your attention to matters regarding Vanguard Collegiate (also known herein as the school). This letter contains Vanguard Collegiate's response to the recent audit performed by Greenwalt. Within this letter, you will find our acknowledgement of the past failures that were outlined in the letter, the reasons for these failures, and the solutions to immediately correct past failings and proactively comply with all compliance items moving forward within the required timelines. We are confident as a school and as a board that the internal operational challenges of the past have been remedied, and that we are currently strongly positioned to execute academically and financially, and meet all accountability requirements.

Vanguard Collegiate acknowledges that deadlines have been missed to date for state reporting. Vanguard Collegiate has recognized the reason for submission delays has been the result of hiring vendors to provide accounting and reporting services who were not experienced with charter school reporting, and general learning curve for Vanguard Collegiate in managing these processes. To remedy this, Vanguard Collegiate has selected Milestone Accounting & Bookkeeping Service, Inc. to perform accounting services for the school. Milestone is an experienced accountant with charter schools, and currently works with (5) charter schools.

Recently, upon the requirement of the Vanguard Collegiate Board, an accountability plan has been implemented. Compliance reporting status updates have been included in the board meeting minutes starting in November and are part of the agenda. In addition, the finance subcommittee, which is led by the Vanguard Collegiate Treasurer, will meet monthly with the school leader and will conference call the accounting consultants to review all financial reporting for that month and to track reporting deadlines. This monthly process will provide the Board with stronger oversight on reporting activities and provide high levels of proactive accountability to the school management.



We acknowledge the deficits incurred from Year 1 of operations were the result of lower than projected enrollment. Entering Year 2, Vanguard owed approximately \$100,000 in back rent and \$130,000 in a line of credit to Bank of Indianapolis. Currently, the \$100,000 in back rent has been repaid, and the remaining balance of the line of credit is less than \$25k. We believe this repayment is a strong representation of our commitment to financial success. Moreover, Vanguard is positioned to maintain a budget surplus for FY2020. We have been able to pay back outstanding balances and maintain a budget surplus with 80 students by negotiating with vendors, choosing not to backfill vacant positions, renegotiating a 50% reduction in rent, and limiting spending to essential expenses only.

We recognize the key to our financial success is connected to enrollment and fundraising. Currently, we are negotiating with a recruiting consultant to boost our enrollment figures for next school year and have continued to develop our fundraising committee and programs.

We recognize the key to our financial success is connected to enrollment and fundraising. Currently, we are negotiating with a recruiting consultant to boost our enrollment figures for next school year and have continued to develop our fundraising committee and programs.

We are confident that with our newly selected financial consultants, we will effectively manage all compliance items within deadlines moving forward.

Sincerely,

Asia Bartee

Asia Bartee Board Chair  
Vanguard Collegiate of Indianapolis