



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B56492

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 18, 2021

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, 2019 to June 30, 2020. 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 through 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, 2019 to June 30, 2020



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter.....	2
Audit Results and Comments:	
Required Reports	3
Vendor Disbursements	3
Credit Card Usage	3
Exit Conference	4
Official Response.....	5 - 6

GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
LAKE COUNTY, INDIANA
School Officials
July 1, 2019 to June 30, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Catherine Burns	07/01/19 – 06/30/20
Executive Director and Principal	Katie Kirley	07/01/19 – 06/30/20
CFO/Business Manager	Shanta Mack	07/01/19 – 06/30/20



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, 2020 and have issued our report thereon dated February 25, 2021. 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 25, 2021

www.cpadonovan.com

Avon | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

GLOBAL LEADERSHIP ACADEMY, INC.
d/b/a STEEL CITY ACADEMY
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2019 to June 30, 2020

REQUIRED REPORTS

We reviewed Form 9 reporting filed by the School for the fiscal year. Total cash per the Form 9 as of June 30, 2019 was overstated by approximately \$247,000 compared to cash per the trial balance. The variance related to payroll accruals from the year ended June 30, 2019. The School uses its accounting software to prepare the Form 9. The School did not account for these expenses in its Form 9 reconciliation, which were recorded in 2019, but paid in 2020.

We also reviewed the submission date of the Annual Financial Report. The report was submitted more than sixty days after the due date.

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 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.

VENDOR DISBURSEMENTS

We selected 29 disbursements to test, noting 12 did not have a signature on the first line of the payable voucher, and 6 did not have signatures on either line.

The Accounts Payable Voucher (Form 523)...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 2)

CREDIT CARD USAGE

We selected five credit card statement payments for testing. Documentation was not made available for all items paid for with the credit cards. Invoice support was missing from each selected statement.

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, 2019 to June 30, 2020

The contents of this report were discussed on February 16, 2021, with Katie Kirley (Executive Director and Principal), Shanta Mack (CFO/Business Manager), Catherine Burns (President of Board of Directors), Walter Landrum (Treasurer of Board of Directors), and Katherine Pohlkamp (Board of Directors member). The official response has been made a part of this report and may be found on pages 5 and 6.

Below you will find Steel City Academy's official response to the SBOA findings:

Required Reports

In January 2019 we began phasing in the use of a Cash Accounting System designed for Schools and Counties. As of the June 2020 Form 9 Steel City was still relying on the accrual basis accounting for Form 9 and did not include the FY19 accrued payroll on the December 2019 report thus causing the overstatement. As of July 2021, Steel City fully implemented the use of the Cash Accounting System to use for Form 9 and other state reporting to ensure the consistency and accuracy of the reports.

Steel City has made a calendar of all state reports and due dates and monitors these dates on a monthly basis to ensure timely reporting moving forward.

Vendor Disbursements

We have taken the steps to ensure that all vouchers are signed by the proper authorities prior to checks being written.

Credit Card Usage

The requirements of the credit card is that the bill was paid via direct debit from the our bank account on the due date. Now that we have built up credit worthiness with the bank we will inquire about removing that stipulation. Also in July 2020 we had each person holding a credit card sign credit card policy below. This new policy allows for the deduction of unsubstantiated charges from their paycheck.

New Policy: Steel City Academy credit cards can only be used to obtain expenses as deemed necessary for the operation of Steel City Academy and may only be obtained by the assigned employee named on the card. The Steel City Academy credit card cannot be used to obtain cash advances, bank checks, traveler's checks or personal expenses. Misuses of the card will result in cancellation of the card and withdrawal of corporate credit card privileges. If the card is used for an employee's personal expenses, the employer reserves the right to recover these monies from the employee cardholder. Cardholders will be required to sign a declaration authorizing the company to recover, from their salary, any amount incorrectly claimed.

Each card will be limited to a maximum amount as determined based on the card use need on a monthly basis. Increases to the established maximum may be made on a case-by-case basis by the Director of Finance and approved by the Executive Director and Board of Directors.

Corporate credit card expenditures must be submitted with original receipts to the Accounting/Finance Department within 5 business days of the purchase.

Cardholders who have not submitted their monthly expenditure receipts within this period will be asked to submit their receipts immediately upon receiving a copy of the credit card statement. Continued or repeated non-conformance to this policy will result in cancellation of the card and such other actions as appropriate.

Lost or stolen cards must be reported immediately to the Director of Finance.