



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

June 7, 2022

Charter School Board
Irvington Community Schools, Inc.
5751 East University Avenue
Indianapolis, IN 46219

We have reviewed the Supplemental Audit Report for Irvington Community Schools, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. 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 on pages 3 through 4. Management's response is on pages 6 and 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 cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY, INDIANA

July 1, 2020 to June 30, 2021



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Required Reports - Form 9 Reporting.....	3
Required Reports - Negative Fund Balances	3
Required Reports - Annual Financial Report.....	4
Review of Capital Assets	4
Exit Conference	5
Official Response	6 - 7

IRVINGTON COMMUNITY SCHOOLS, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2020 to June 30, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Carrie Kriech	07/01/20 – 06/30/21
Chief Financial Officer	Harold Allen	07/01/20 – 02/28/21
Interim Chief Financial Officer	Geoffrey Cherry	03/01/21 – 06/30/21
Chief Executive Officer	Tim Mulherin	07/01/20 – 06/30/21



The Board of Directors
Irvington Community Schools, Inc.

We have audited the financial statements of Irvington Community Schools, Inc. (the “School”) as of and for the year ended June 30, 2021, and have issued our report thereon dated March 29, 2022. 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

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive style.

Indianapolis, Indiana
March 29, 2022

IRVINGTON COMMUNITY SCHOOLS, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2020 to June 30, 2021

REQUIRED REPORTS - FORM 9 REPORTING

We reviewed both biannual Form 9 reports filed by the School to the Indiana Department of Education for the fiscal year. Individual fund balances and the total cash reported on the June 30, 2021 Form 9 did not reflect actual balances in line with the School's accounting records. Total cash per the Form 9 was \$1,175,113 less than the accounting records.

A fund, as used in the manual, represents money 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 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)

REQUIRED REPORTS - NEGATIVE FUND BALANCES

The School reported negative balances in the following funds as of June 30, 2021, none of which were awaiting reimbursement:

- Fund 200 \$2,973,766
- Fund 3270 62,424
- Fund 3271 6,000
- Fund 3780 6,312

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)

IRVINGTON COMMUNITY SCHOOLS, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2020 to June 30, 2021

REQUIRED REPORTS - ANNUAL FINANCIAL REPORT

The School failed to submit the Annual Financial Report within 60 days of the fiscal year end. The School submitted the report on November 3, 2021.

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)

REVIEW OF CAPITAL ASSETS

The School has not completed a complete physical inventory since the 2018-2019 school year.

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 Asset 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)

IRVINGTON COMMUNITY SCHOOLS, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2020 to June 30, 2021

The contents of this report were discussed on December 15, 2021 with Geoffrey Cherry and Linda Heidrich (Outsourced Consultants with Orbital Consulting Group). The Official Response has been made a part of this report and may be found on pages 6 to 7.



Irvington Community Schools 2020-21 Supplemental Audit Report Management Response to Findings

Irvington Community School's 2020-21 SBOA supplemental audit found four items requiring Management's response. As such, please note the following.

1.) Audit finding-Form 9 Reporting

We reviewed both biannual Form 9 reports filed by the School to the Indiana Department of Education for the fiscal year. Individual fund balances and the total cash reported on the June 30, 2021 Form 9 did not reflect actual balances in line with the School's accounting records.

Management Response

The previous administration had posted \$1,175,113 PPP Loan coded to 0200-Debt account (a Form 9 account) during the July-Dec 2020 reporting period and an entry was made to correct PPP loan account in January 2021 (relocating to a non-Form 9 account as required). The correction created a large cash adjustment given that PPP loan is not reported on Form 9. This explanation was provided to IDOE and the file was accepted.

2.) Audit Finding-Negative Fund Balances

The School reported negative balances in the following funds as of June 30, 2021, none of which were awaiting reimbursement:

Management Response

All noted Funds containing negative balances were from the previous year/administration. Entries were made to correct the negative fund balances of all Funds in the current 2021-22 school year except for Fund 200 (Debt Fund). The school will continue to work with the SBOA in resolving the high negative fund balance in Fund 200.

3.) Audit Finding-SBOA AFR Report

The School failed to submit the Annual Financial Report within 60 days of the fiscal year end. The School submitted the report on November 3, 2021.

Management Response

While the report was filed, it was in fact, late per SBOA. Given the transition in the CFO position, the interim staff was not aware of the deadline. The new CFO in place is aware of the deadline and will endeavor to assure this deadline is met in subsequent years.

4.) Audit Finding-Review Capital Assets

The School has not completed a complete physical inventory since the 2018-2019 school year.

Management Response

Given the transition in the CFO position, the interim staff was not aware of the inventory status as it relates to the SBOA requirement. The new CFO in place is aware of the deadline and will endeavor to assure this deadline is met in subsequent years.