



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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August 26, 2022

Charter School Board
Indiana Online Learning Options, Inc.
6640 Intech Blvd, Ste 250
Indianapolis, IN 46278

We have reviewed the Supplemental Audit Report for Indiana Online Learning Options, Inc. prepared by CliftonLarsonAllen LLP, 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 page 3. 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
INDIANA ONLINE LEARNING OPTIONS, INC.**

MARION COUNTY INDIANA

JULY 1, 2020 TO JUNE 30, 2021



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**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
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MARION COUNTY, INDIANA
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<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Stacy Taylor	07/01/20 – 06/30/21
Executive Director	Chandre Sanchez Reyes	07/01/20 – 06/30/21
Board Treasurer	Andrew Norris	07/01/20 – 06/30/21



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

We have audited the financial statements of Indiana Online Learning Options, Inc. (IOL) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 7, 2022. As part of our audit, we tested IOL'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 IOL was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 7, 2022

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2020 TO JUNE 30, 2021**

GENERAL RECEIPTS – TIMELY DEPOSITS

During our testing of the general receipts, it was noted that six (6) of the 40 receipts selections were not timely deposited for Indiana Connections Academy (INCA) and four (4) of the 35 receipts selections were not timely deposited for Indiana Connections Career Academy (INCC). Deposits were not made within 3-4 business days of the receipt.

All charter school money must be deposited in the designated depository in a timely manner following the receipt of funds in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were four (4) instances of the 40 disbursement selections where INCA paid sales tax and noted there were three (3) instances of the 40 disbursement selections where INCC paid sales tax.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there was one (1) student out of 90 selections where INCA did not maintain consistent and complete enrollment records.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil." An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1." IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021**

The contents of this report were discussed on January 7, 2022, with the School's Executive Director Carol Larson (replaced Chandre Sanchez Reyes in Fall 2021), School's Board Treasurer Andrew Norris, and representatives from Pearson Education. The Official Response has been made a part of this report and may be found on page 5.



January 7, 2022

**The Board of Directors
Indiana Online Learning Options, Inc.**

As part of the financial statement audit of Indiana Online Learning Options, Inc. ("IOL") as of and for the year ended June 30, 2021, CliftonLarsonAllen LLP tested IOL'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, and grant agreements, and has communicated Audit Results and Comments. Included herein is the Office Response to the Comments provided by CliftonLarsonAllen LLP in their report presented on January 7, 2022:

IOL Response to Comment on General Receipts – Timely Deposit – Delays in deposits during the FY21 school year stemmed from the reduction of administrative personnel in the office due to pandemic as well as delays in deposits due to planned office closures throughout the school year. Additionally, the assessment of timeliness for purpose of the audit procedure was based on the check issuance date, which does not necessarily correspond to the date the check for deposit was received by the IOL administrative staff, in addition to consideration of significant systematic delays in USPS stemming from the pandemic. The administrative staff at IOL will note the date checks are received and will continue to adhere to the SBOA policy of completing timely deposits.

IOL Response to Comment on Sales Tax Exemption – The vendor disbursements selected for testing for INCA and INCC for sales tax exemption guidelines which included sales tax related to invoices that were not directly paid by the School. The selections primarily relate to invoices paid by Connections Academy of Indiana LLC on behalf of IOL as a pay agent and then submitted for reimbursement to IOL. As Connections Academy of Indiana LLC is not a tax-exempt entity and is acting as a pay agent for the School, the related sales tax cost is also invoiced to the School with the associated service and/or product by Connections Academy of Indiana LLC. The remaining selections related to disbursements for employee reimbursements, for which the employee reimbursement request included sales tax. As the employee is not tax exempt, sales tax was incurred on the employee's transaction and therefore sales tax was included in the reimbursement to the employee.

For invoices paid directly by the School, prior to invoice payment, IOL will continue to implement its review procedure to ensure sales tax is not remitted with invoice payment. Upon receipt of invoices from vendors, IOL will review invoices to verify sales tax has not been captured on the invoice prior to payment of the invoice and will provide Sales Tax Exemption certificate to vendors where sales tax has been captured on the invoice.

IOL Response to Comment on Average Daily Maintenance (ADM) Testing – 90 students were selected for ADM testing for INCC and 90 students were selected for ADM testing for INCA, for a total sample of 180 students across the fall and spring count dates. Enrollment documents and attendance records were provided for all students, including enrollment packet, proof of residency, birth certificate and attendance records to evidence enrollment on the count date. The student in question enrolled in 2014 and at that time IOL utilized a different documentation upload system and the student's birth certificate was not retained in the current documentation repository system upon transition. For this student, other documentation was provided evidencing the student's existence and attendance for the selected count date. Since 2014, improvements have been made to the documentation upload and retention system, which includes allowing Caretakers to directly upload required documentation to a student's account and unique identifier for specific documents and implementation of quality checks to ensure all documents uploaded are verified. IOL will



ensure birth certificates and other required enrollment documents are retained for all enrolled students to support the ADM reported to the Indiana Department of Education during the fall and spring count dates.

IOL will ensure the responses to the above Comments are incorporated immediately into the School's financial procedures.

Sincerely,

Carol Larson

Carol Larson
Executive Director, Indiana Online Learning Options, Inc.

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