



STATE OF INDIANA
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May 10, 2023

Charter School Board
The Hammond Urban Academy, Inc.
33 Muenich Ct.
Hammond, IN 46320

We have reviewed the Supplemental Audit Report for The Hammond Urban Academy, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 4. Management's response can be found 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 cursive script that reads "Tammy R. White".

Tammy R. White CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
THE HAMMOND URBAN ACADEMY, INC.

LAKE COUNTY, INDIANA

July 1, 2021 to June 30, 2022



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THE HAMMOND URBAN ACADEMY, INC.
LAKE COUNTY, INDIANA
School Officials
July 1, 2021 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Kris Sakelaris	07/01/21 – 06/30/22
School Leader	Dr. Sean Egan	07/01/21 – 06/30/22
Treasurer	Heather Garay	07/01/21 – 06/30/22



Donovan CPAs

The Board of Directors
The Hammond Urban Academy, Inc.

We have audited the financial statements of The Hammond Urban Academy, Inc. (the “School”) as of and for the year ended June 30, 2022, and have issued our report thereon dated January 17, 2023. 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
January 17, 2023

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

THE HAMMOND URBAN ACADEMY, INC.
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2021 to June 30, 2022

CAPITAL ASSETS

The School was unable to provide records showing a complete inventory was taken.

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)

RECEIPTS AND DEPOSITS

We selected twenty-five receipts for testing from the School's receipt books, noting the following findings:

- Six receipts were not provided to the individual making payment (white copy of receipt still in receipt book).
- The School was unable to provide documentation to allow us to trace the initial receipt through to the corresponding deposit on four receipts.
- Of the receipts we were able to trace to a corresponding deposit, fifteen were not deposited in a timely manner. The individual receipt amounts in question ranged from \$12 to \$120 and were between six and twenty-three days late.

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.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

THE HAMMOND URBAN ACADEMY, INC.
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2021 to June 30, 2022

CREDIT CARD DISBURSEMENTS

From our sample of five months tested, the School did not maintain receipts corresponding with purchases made via credit cards for the month of September. We noted receipts for the other four months in our sample selection.

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided the following criteria are observed:

1. The charter school must authorize credit card use through an appropriate policy.
2. Issuance and use shall be handled by an employee designated by the charter school.
3. The purposes for which the credit card may be used must be specifically stated in the policy.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the designated employee.
5. The designated employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track expenses to provide the charter school and other administration with timely and accurate accounting information and monitoring of the accounting system.
7. 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 shall be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

TICKET SALE PROCEDURES

The School has multiple extra-curricular events where pre-numbered tickets are used. The School does not utilize the ticket sales report (Form SA-4) to track sold tickets and reconcile cash received to amounts deposited.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered., with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

THE HAMMOND URBAN ACADEMY, INC.
LAKE COUNTY, INDIANA
Exit Conference
July 1, 2021 to June 30, 2022

The contents of this report were discussed on January 17, 2023 with Deb Czmiel (Business Manager), Sean Egan (School Leader), Deb Snedden (School Leader), Heather Garay (Treasurer), Monica Rubio (Board Member), and Marty Wieglos (Board Member). The Official Response has been made a part of this report and may be found on pages 6 to 7.



Donovan CPAs
9292 N. Meridian St, Ste 150
Indianapolis, IN. 46260
Attn: Jacob Stephenson

Re: Response to Audit - 7/1/21 - 6/30/22

January 16, 2023

In response to the Supplemental Audit Report draft dated 1/4/23:

1. Capital Assets/Inventory (non-compliance item from prior years)
 - A physical inventory of capital assets will be completed in the spring of 2023 and every other year thereafter.
 - Upon completion of physical inventory and reconciliation to asset listing/depreciation schedule, adjustments to financials will be booked as necessary.
 - The purchase of capital assets will be listed individually within the depreciation schedule (by serial number and asset tag number) and maintained by Bookkeeping Plus, Inc ("BPI")
 - Any sale or disposition of capital assets will be recorded, and schedules adjusted in the month they occur.
2. Receipts and Deposits (non-compliance item from prior years)
 - Upon receipt of check or cash payment by the Business Office, a receipt is issued.
 - Documentation for all deposits is provided to BPI to record deposits timely and accurately.
 - Deposits will be made 48 hours or 2 business days within receipt of funds.
3. Credit Card Disbursements (non-compliance item from prior years)
 - Receipts and approval of every credit card purchase is provided to BPI along with a copy of the credit card statement on a monthly basis. The deficiency noted pertained specifically to the month of September 2021, which was prior to my employment at the school. I'm confident this area

has been brought into compliance and will no longer be an issue going forward.

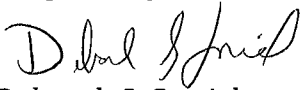
- A credit card usage and authorization policy will be created as well.
4. Ticket Sale Procedures - (non-compliance item from prior years)
- The Form SA-4 will be used for all ticketed events
 - Actual tickets will be used, and all ticket stubs will be attached to the SA-4 Form and provided to the business office within 2 business days of event along with bank deposit slip.
 - Business Manager will reconcile SA-4 Forms to deposits and provide to BPI weekly for accurate and timely reporting.
 - All deposits will be made within 2 business days of receipt of funds.

During the 2021-22 School Year, the following areas have been brought into compliance:

- Bad Debts - policy created and approved by school board in April 2022.
- Extra-Curricular (Club) Accounts – all accounts and activity are now captured and reflected in our financial statements.
- No material weaknesses since 2020-21 audit - largely due to quicker and more accurate reporting to our bookkeeping firm and the implementation of additional accounting processes and procedures in areas that needed improvement.

I'll continue to seek guidance from your firm as I build out and refine processes that are in accordance with generally accepted accounting principles ("GAAP") and SBOA regulations. Additionally, internal controls will be tested and refined as necessary.

Respectfully,



Deborah S. Czmiel
Business Manager