

# CHARTER SCHOOL BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

Volume 15

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### ANNUAL FINANCIAL REPORT (AFR) DEADLINE AND GATEWAY

The statutory deadline for submitting the AFR is no later than sixty days after the close of the fiscal year. This reporting is via Gateway. Gateway was developed as a collaborative project among the Department of Local Government Finance (DLGF), the State Board of Accounts (SBOA), and the Indiana Business Research Center (IBRC) at Indiana University's Kelley School of Business as part of the Information for Indiana (IFI) initiative. IBRC also hosts and maintains the site. Funding is provided by IBRC and the State of Indiana. Gateway is free to use, and any charter school can use Gateway within its existing resources. Since Gateway is web-based, a charter school can access the application from any computer with internet access, public or private, without installing any software.

### FISCAL AGENT AND GATEWAY REPORTING

IC 20-24-7-1 defines the organizer of the charter school as the fiscal agent. The organizer has exclusive control of funds received by the charter school and its financial matters. The fiscal agent is responsible for submission of the Annual Financial Report via Gateway. Individuals with Gateway "Submission" rights are allowed to enter information and submit the report. Submission rights **cannot** be delegated. If you do not have a User Account, you can request one by completing the form here <https://gateway.ifionline.org/requestaccess.asPX>.

Individuals can be provided "Edit" rights. These individuals can enter information but cannot submit the report. Often, these individuals are office staff, consultants, and other third-parties. The fiscal agent must submit a Limited Delegation of Authority (<http://www.in.gov/sboa/files/DelegationForm.pdf>) form to the State Board of Accounts to establish users with "Edit" rights. If you want to remove a current user from Annual Financial Report, submit a Limited Delegation of Authority form to SBoA and change the user access to "NONE".

You should not share your User Account with others. Each person that needs access to the Gateway should have their own User Account. Each user will be responsible for any actions taken by someone using their User Account. The fiscal agent is responsible for the accuracy and completeness of the submitted Annual Report regardless of how or who entered the data.

### GATEWAY WEB BROWSER COMPATIBILITY

Gateway is compatible with Mozilla Firefox and Google Chrome. **Microsoft Internet Explorer is no longer supported.** Please verify the browser you are using if you experience problems when filing your AFR.

## **ACCEPTABLE MINIMUM LEVEL OF INTERNAL CONTROL STANDARDS AND PROCEDURES**

Indiana Code 5-11-1-27 requires the State Board of Accounts (SBOA) include an acceptable minimum level of internal control standards and procedures in their Compliance Guidelines Manuals. Subsection (g) requires the Charter School Board adopt the minimum level of internal control standards and ensure that “personnel” have been trained on those minimum standards. The minimum level of internal control standards can be found in the SBOA’s Uniform Internal Control Standards for Indiana Political Subdivisions manual (<http://www.in.gov/sboa/files/UniformInternalControlStandards.pdf>). The statute defines “personnel” as, “an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.” The SBOA has included the various “approved” training materials in the Internal Control section of its website (<http://www.in.gov/sboa/5072.htm>)

Indiana Code 5-11-1-27(h) requires that after June 30, 2016, the fiscal officer of a Charter School must certify that the minimum internal control standards have been adopted and the “personnel” have been trained. The certification by the fiscal officer is made on the Gateway Annual Financial Report by answering the question listed in the “Unit Questions” section. Subsection (i) requires that for audits performed after June 30, 2016, if the SBOA, or its designees, find a political subdivision that has not adopted the minimum internal controls standards or has personnel that has not received training, then a comment will be included in the examination report for that political subdivision.

## **AUDIT SUPPLEMENTAL REPORT**

In addition to the findings required to be included in the financial audit report for compliance with Government Auditing Standards and Uniform Guidance, a supplemental report is required to be issued to identify noncompliance with laws, regulations, and the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools established by the State Board of Accounts found at <http://www.in.gov/sboa/4485.htm>. This is due to IC 5-1-11-9(d) which states that on every examination performed, inquiry shall be made as to:

- 1) The financial condition and resources of each municipality, office, institution, or entity;
- 2) Whether the laws of the State of Indiana and the Guidelines established under the authority of IC 5-11-1-24 have been complied with; and
- 3) The methods of preparation and accuracy of the accounts and reports of the charter school.

Exhibit A of the Guidelines for the Audits of Charter Schools Performed by Private Examiners (Guidelines) found at [http://www.in.gov/sboa/files/guidecharterRevised\\_2016.pdf](http://www.in.gov/sboa/files/guidecharterRevised_2016.pdf) identifies the required minimum compliance testing that are in addition to the compliance testing deemed necessary for the risks identified by the auditor during the examination process.

The supplemental report shall also include any response from the school officials concerning the audit and a transmittal letter. This opportunity to respond in written format is established by IC 5-11-5-1. This statute further provides that, if a written response is filed, it shall be submitted by the charter school to the private examiner and become a part of the supplement report. The transmittal letter to be included is found in the Guidelines in Exhibit C.

The supplemental report is not required to be issued when no instances of noncompliance were found.

## **FEDERAL REPORTING PACKAGE CORRECTIVE ACTION PLAN**

It is State Board of Accounts policy that the Corrective Action Plan that is part of the Uniform Guidance reporting package (2 CFR §200.512(c)) be a part of the issued financial statement audit report. The Corrective Action Plan is to address each audit finding in the current audit report and should be on the charter school's letterhead to eliminate any perception that this is a part of the auditor's finding.

2 CFR §200.511(c) details the information that the Corrective Action Plan must provide as follows:

- 1) name(s) of the contact person(s) responsible for corrective action;
- 2) the corrective action planned; and
- 3) the anticipated completion date.

## **INNOVATION NETWORK SCHOOLS AND INNOVATION NETWORK CHARTER SCHOOLS – COMPLIANCE TESTING DURING THE AUDIT**

We have not currently prescribed additional compliance testing to be performed on an Innovation Network school that is part of a public school corporation audited by the SBoA (such as Indianapolis Public Schools). The audit performed of the entity contracted by a public school corporation to manage an Innovation Network school should be performed in accordance with the needs of the entity and to satisfy the terms of the contract between the entity and the public school corporation.

However, there is additional compliance testing required of Innovation Network **Charter** Schools. Independent public accountants performing these audits are required to perform the testing laid out in the 'Guidelines for the Audits of Charter Schools Performed by Private Examiners' for Innovation Network Charter Schools.

## **AUDITOR'S PEER REVIEW REPORTS**

Auditors must adhere to Government Auditing Standards (GAS) issued by the US Government Accountability Office, Comptroller General of the United States. GAS paragraphs 3.82 and 3.96 state an external peer review performed by reviewers independent of the audit organization should be obtained at least once every 3 years. The scope of such review should be sufficient to provide a reasonable basis for determining whether, for the period under review, the reviewed audit organization's system of quality control was suitably designed and whether the audit organization is complying with its quality control system in order to provide the audit organization with reasonable assurance of conforming to applicable professional standards. Additionally, paragraph 3.105 of Government Auditing Standards states the auditor should make its most recent peer review report publicly available.

State Board of Accounts Guidelines for the Audits of Charter Schools Performed by Private Examiners requires the peer review report be included in the documentation submitted in response to a Request for Proposals for audit services. Auditors should submit peer review reports and all associated documentation such as letter of comment, corrective action plan, etc. as soon as available to [charterschools@sboa.in.gov](mailto:charterschools@sboa.in.gov).

**CHARTER SCHOOLS AND SCHOOLS/TOWNSHIPS EMAIL ADDRESSES**

Please use the [CharterSchools@sboa.in.gov](mailto:CharterSchools@sboa.in.gov) and [Schools.Townships@sboa.in.gov](mailto:Schools.Townships@sboa.in.gov) email addresses whenever possible. Multiple individuals monitor these accounts. This ensures your email will be responded to timely during those times any individual listed below is away from the office or engaged in another assignment.

**STATE BOARD OF ACCOUNTS PERSONNEL AVAILABLE TO HELP**

[CharterSchools@sboa.in.gov](mailto:CharterSchools@sboa.in.gov) & [Schools.Townships@sboa.in.gov](mailto:Schools.Townships@sboa.in.gov)

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