

APPENDIX 9

SUMMARY OF AUDIT FINDINGS

Audit Summary

FY2015:

Finding 2015-001: Academy staff lack the technical accounting knowledge necessary to identify financial statement adjusting entries. Material audit adjustments were required related to certain accrual basis items and to record activity in the Capital Projects Fund.

FY2016:

PRIOR YEAR

Finding 2015-001: Academy staff lack the technical accounting knowledge necessary to identify financial statement adjusting entries. Material audit adjustments were required related to certain accrual basis items and to record activity in the Capital Projects Fund.

FY2017:

PRIOR YEAR

Finding 2015-001: The Academy contracted with another agency to assist in the preparation of year-end adjusting entries necessary to prepare the financial statements. Material audit adjustments were required related to certain accrual basis items and to record activity in the Capital Projects Fund.

CURRENT YEAR

Finding 2017-001: The Academy had not formally documented procedures and policies in a written format for the proper administration and reporting of its federal awards.

Recommendations:

- 2015-001: The Academy implement procedures or policies that will enable them to identify the required adjusting journal entries at year-end.
- 2017-001: The Academy should formalize its policies and procedures for the proper administration and reporting of its federal awards in a written

format, and these policies and procedures be properly approved by the Board of Directors.

Corrective Action Taken:

- 2015-001: Management contracted with a local charter school where staff has significant experience identifying and preparing the adjusting journal entries.
- 2017-001: Management has so noted that the required policies will be developed and implemented during fiscal year 2018.

FY2018:

PRIOR YEAR

Finding 2015-001: This finding is no longer applicable.

Finding 2017-001: This finding is no longer applicable.

CURRENT YEAR

Finding 2018-001: The Academy has not been compliant with debt covenant requirements related to the refinancing of outstanding construction loans originally held by NCALL Inc. with USDA under the Community Facilities Loans and Grants program. In accordance with the covenant the Academy must deposit funds on a monthly basis into two reserve accounts to meet the future debt service payments.

Recommendations:

2018-001: The Academy implement procedures or policies that will enable them to comply with the debt covenant requirements and review all agreements to verify that they are in compliance with all other covenants.