



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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May 20, 2013

Charter School Board
Carousel Family Services, Inc. d/b/a Veritas Academy
530 E. Ireland Road
South Bend, IN 46614

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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. Pages 3 through 6 contain six audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Carousel Family Services, Inc. d/b/a Veritas Academy was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

State Board of Accounts

SUPPLEMENTAL AUDIT REPORT

OF

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

July 1, 2011 to June 30, 2012

Fitzgerald | Isaac LLC
Certified Public Accountants

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

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CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

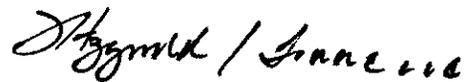
School Officials

Year Ended June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Theo Williams	07/01/11 – 06/30/12
Principal	Germaine Smith	08/01/11 – 06/30/12
Treasurer	Ellen Woodruff	07/01/11 – 06/30/12

The Board of Directors
Carousel Family Services, Inc.

We have audited the financial statements of **Carousel Family Services, Inc. d/b/a Veritas Academy** (the "School") as of and for the year ended June 30, 2012 and have issued our report thereon dated March 27, 2013. 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.



Indianapolis, IN
March 27, 2013

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

VENDOR DISBURSEMENTS

We selected and examined a sample of 43 cash disbursement transactions from throughout the year. Within this sample we noted the following:

- In 5 instances, sales tax was included on the invoice and the vendor payment. The total of sales tax imposed on these invoices was \$278.
- In 11 instances, fund numbers were not present in account coding on the accounts payable vouchers.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

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).

Officials and employees are required to use State Board of Accounts prescribed or approved Forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

CAPITAL ASSET INVENTORY

The School conducts an annual property inventory; however, it does not compare the results of the inventory to the fixed asset register as a means of verification of the accounting records.

Every charter school shall have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory must 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 10).

RECEIPTS AND DEPOSITS

The School issues receipts for various items including textbook fees, uniforms, school lunch and various other items. We noted in 16 instances of the 25 receipts tested that the bank deposit was not made in a timely manner. The average delay was 7-10 days after the date of collection, and in some cases almost a month later.

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).

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

TICKET SALES

The School charges admission to certain school events, but does not use pre-numbered tickets or complete the SA-4 Ticket Form Reconciliation.

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 pre-numbered, 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 8).

TEXTBOOK RENTALS

The School maintains a process for textbook rentals. The School pursues delinquent accounts, but does not have a formal policy to deal with uncollectible accounts.

The charter school must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

TEXTBOOK REIMBURSEMENT

In our examination of the textbook reimbursement claim, we noted that the reimbursement claim reported 68 students while the supporting records could document only 64 students.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on May 9, 2013, with Mike Jaarda (Treasurer).
The Official Response has been made a part of this report and may be found on page 8.

VERITAS ACADEMY
INDIANA'S FIRST CHARTER SCHOOL
530 E. Ireland Rd., PO Box 10028, South Bend, IN 46680
Phone: 574.287.3230 Fax: 574.287.2643
www.veritas.k12.in.us

May 9, 2013

Management's Response to Compliance Findings:

Vendor Disbursements

We will monitor vendor invoices more closely for the inclusion of sales tax. When sales tax is included, we will follow up with vendors and, if necessary, provide our tax exempt certificate so that sales tax can be removed from the invoice.

Our staff understands the importance of properly identifying and assigning an account code to an accounts payable voucher. We have re-emphasized to them that this needs to be done upfront as vouchers are received so that the proper accounting for funds and grants can take place.

Capital Asset Inventory

We will put a process in place whereby the results of our annual capital asset inventory is compared to the fixed asset ledger and adjustments are made to the ledger to reflect the capital asset inventory on hand at the time of the inventory.

Receipts and Deposits

We believe proper controls are in place to secure cash and/or checks received until the time of deposit. We will, however, adopt a policy where a deposit is made daily for cash/checks received during the day to minimize the risk of misappropriation of assets.

Ticket Sales

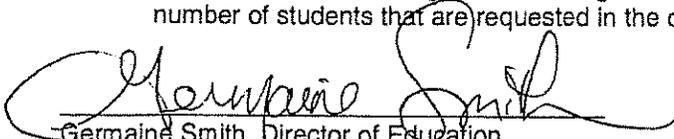
We will begin using pre-numbered tickets and the SA-4 Ticket Form Reconciliation for school events where admission is charged.

Textbook Rentals

We will adopt a policy by which all delinquent accounts will be followed up on by the School in a consistent and uniform manner.

Textbook Reimbursement

We develop a list of all students that are eligible for free/reduced textbooks. The textbook reimbursement claim is generated using this list. We will maintain this list in our file to support the number of students that are requested in the claim to the IDOE.



Germaine Smith, Director of Education



Michael Jaarda, Treasurer

A Public School of Choice for Empowering Excellence, Achievement, and Community

Veritas Academy's educational mission is to provide its students with a strong academic curriculum and cultural opportunities in a supportive, innovative, and challenging environment that fosters academic success and good citizenship.