



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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November 17, 2014

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

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. 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 and 4 contain three audit results and comments. Management's response is on page 6.

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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT

OF

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

July 1, 2013 to June 30, 2014

Fitzgerald | **Isaac** LLC
Certified | Public Accountants

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

ST. JOSEPH COUNTY, INDIANA

Table of Contents

	<u>Page</u>
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Receipts and Deposits	3
Ticket Sales	3
Vendor Disbursements	4
Exit Conference	5
Official Response	6

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

ST. JOSEPH COUNTY, INDIANA

School Officials

Year Ended June 30, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Theo Williams	07/01/13 – 11/30/13
President of Board of Directors	Jeannette Pancoast	12/01/13 – 06/30/14
Director of Education	Germaine Smith	07/01/13 – 06/30/14
Treasurer	Mike Jaarda	07/01/13 – 02/28/14
Treasurer	June Hill	03/01/14 – 06/30/14

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, 2014 and have issued our report thereon dated August 28, 2014. 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.

Fitzgerald / Isaac LLC

Indianapolis, IN
August 28, 2014

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2014

RECEIPTS AND DEPOSITS

The School issues written receipts for various cash collections including textbook fees, uniforms, and school lunch. For 7 of the 25 receipts selected for testing, the School was unable to provide documentation identifying the bank deposit that corresponded to the given receipt. Additionally, of the 18 receipts that were supported by a deposit, we noted that in 13 instances the bank deposit was not made in a timely manner. Collections were held for periods of 4 days to 29 days after the date of receipt before being deposited in the bank.

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)

TICKET SALES

The School charges admission to certain school events, but does not complete the SA-4 Ticket Form Reconciliation as a means to control the funds received. The School uses a "Money Form" that does not contain all of the required information included on the SA-4.

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)

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

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

We selected and examined a sample of 26 cash disbursement transactions from throughout the 2014 fiscal year. Within this sample, we noted that late fees were being paid on 4 of them amounting to \$83.53. We also noted 3 disbursements for which proper approvals were not reflected on the payment vouchers.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: Charter schools may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the office or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

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

ST. JOSEPH COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2014

The contents of this report were discussed on September 23, 2014 with Germaine Smith (Director of Education), June Hill (Board Treasurer), Theo Williams (Board President), Dr. Yvonne Larrier (Board Member), and Allison Laidig (Board Member). The Official Response has been made a part of this report and may be found on page 6.

VERITAS ACADEMY
INDIANA'S FIRST CHARTER SCHOOL

530 E. Ireland Rd., Bldg. B, South Bend, IN 46614
Phone: 574.287.3230 Fax: 574.287.2643
www.veritasacademy.us

September 16, 2014

Management's Response to Compliance Findings:

Receipts and Deposits:

We believe that proper controls are in place to secure cash and /or checks received until the time of deposit. We have adopted a policy where a deposit is made daily for cash/checks over \$100 received during the day to minimize the risk of misappropriation of assets. During the second half of the 2014-15 school year there was an interim period between the changeover of personnel in which there was a break down in the accounting documentation process. This was further compounded by the resignation of the school Treasurer. To avoid such future occurrences Veritas will document the process and procedure for cash collection and deposits.

Ticket Sales:

Presently we use pre-number tickets and have adopted the SA-4 form reconciliation for all school events where admission is charged. Since the last audit 6 months ago the school has not sponsored any event where admission was charged.

Vendor Disbursements:

Veritas Academy will continue to be fiscally conscientious and responsible. As noted in the audit, our financial resources have been scarce and we have had to prioritize payments to vendors. We have a relationship with all of our vendors and were able to utilize their grace periods and thus make payment arrangements that were mutually acceptable to both parties.

In regards to maintaining proper checks and balances, Veritas Academy has since then instituted a procedure to ensure that appropriate signatures and approval are obtained prior to disbursements.

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.