



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 5, 2025

Charter School Board
Career Academy of South Bend, Inc.
St. Joseph County, Indiana

We have reviewed the supplemental report for Career Academy of South Bend, Inc., prepared by Kruggel, Lawton & Company LLC, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. In our opinion, the supplemental 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 5. Management's response is on page 7.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT OF
Career Academy of South Bend, Inc.

ST. JOSEPH COUNTY, INDIANA
July 1, 2022 to June 30, 2023

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Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2022 to June 30, 2023

School Officials

Office	Official	Term
President of Board of Directors	Lawrence Garatoni	7/1/2022-6/30/2023
Superintendent	Jeremy Lugbill	7/1/2022-6/30/2023
Assistant Superintendent	Candida VanBuskirk	7/1/2022-6/30/2023
High School Principal	Nicholas Garstka	7/1/2022-6/30/2023
Middle School Principal	Maria Reilly	7/1/2022-6/30/2023
Primary Principal	Becky Bartlett	7/1/2022-6/30/2023
Business Manager	Kim Richardson	7/1/2022-6/30/2023



The Board of Directors
Career Academy of South Bend, Inc.

We have audited the financial statements of Career Academy of South Bend, Inc. (the “School”) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 15, 2024. 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruggel, Lawton & Company LLC".

Certified Public Accountants

South Bend, Indiana
November 15, 2024

Career Academy of South Bend, Inc.
St. Joseph County, Indiana
July 1, 2022 to June 30, 2023

Audit Results and Comments

AVERAGE DAILY MEMBERSHIP

The School reports Average Daily Membership (ADM) counts on a biannual basis as required by the Indiana Code. For the fiscal year ended June 30, 2023, these counts were required on September 16, 2022 and February 1, 2023.

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

Of the forty-five students tested for the High School, one student was not present on the fall count date and showed no signs of engagement in the two weeks prior to the fall count date. The School could not provide proof of communication with either the student or the parents of the student. In addition, the School was unable to provide a birth certificate for one other student.

Of the forty-one students tested for the Middle School, one student was not present on the fall count date and showed no signs of engagement in the two weeks prior to the count date. One student was not present on the spring count date and showed no signs of engagement in the two weeks prior to the count date. The School could not provide proof of communication with either the students or the parents of those students. In addition, the School was unable to provide birth certificates for two other students.

Of the sixty students tested for the Primary School, one student was not present on the fall count date and showed no signs of engagement in the two weeks prior to the count date. The School could not provide proof of communication with either the student or the parents of the student. In addition, the School was unable to provide birth certificates for three other students.

School officials shall contact the IDOE, Division of School Finance, to determine possible steps to be taken to correct any overpayment to the school because of incorrect reporting.

Career Academy of South Bend, Inc.
St. Joseph County, Indiana
July 1, 2022 to June 30, 2023

REQUIRED REPORTS

The School is required to compile and submit an Annual Financial Report (AFR) within sixty days following its fiscal year-end. The School did not submit the AFR following the June 30, 2023 fiscal year-end.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4 (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

MONTHLY RECONCILEMENTS MAINTAINED

The School was unable to provide documentation that the bank accounts are being reconciled on a timely and monthly basis.

All financial records must be kept up-to-date and reconciled monthly. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

RECEIPTS AND DEPOSITS

The School collects amounts for various items including textbook fees, field trips, bus passes, fines and other items. We tested a random sample of 60 cash receipts transactions. In June 2023, deposits were not made at least twice a week.

Guidelines issued for Indiana Charter Schools by the Indiana State Board of Accounts require all charter school money to be deposited in the designated depository no 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. Charter Schools are required to make deposits at least twice weekly. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

CREDIT CARD POLICY

The School utilizes a credit card to make certain purchases. We examined credit card statements and payments to two different credit card vendors for twelve monthly periods. Of those twelve periods, seven included interest payments, and three included late fees. A total of \$1,782.02 was paid in interest and \$120 was paid in late fees.

Career Academy of South Bend, Inc.
St. Joseph County, Indiana
July 1, 2022 to June 30, 2023

The Indiana 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 the 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)

TEXTBOOK RENTALS

The School provides for textbook rentals to those students that do not qualify for state reimbursement and collects other fees relating to School activities. Based on our testing, we noted that the School pursues delinquent accounts for collection, but it does not have a formal policy to address 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)

Career Academy of South Bend, Inc.
St. Joseph County, Indiana
July 1, 2022 to June 30, 2023

Exit Conference

The contents of this report are scheduled to be discussed on November 26, 2024 with Jeremy Lugbill (Superintendent), Doug Warrington, current Chief Financial Officer (CFO), and Lawrence Garatoni (President of the Board of Directors). The Official Response has been made a part of this report and may be found on page 7.

Official Response

Below are our responses to the Supplemental Audit Report for the period July 1, 2022 to June 30, 2023.

Average Daily Membership

An internal review of the student reporting and record keeping systems will be conducted by June 30, 2025. Resources will be allocated to correct deficiencies in these areas. The Indiana Department of Education (IDOE), Division of School Finance will be contacted by July 31, 2025, if any overpayments are identified.

Required Reports

As of October 1, 2024, the AFR has been filed in accordance with IC 5-11-1-4.

Receipts and Deposits

As of November 19, 2024, procedures have been put in place in accordance with guidelines issued for Charter Schools by the Indiana State Board of Accounts, that requires all charter school money to be deposited in the designated depository no 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. CANOPS Business Department is required to make deposits at least twice weekly.

Credit Card Policy

CANOPS has adopted the SBOA guidelines for Credit Card Usage:

1. Issuance and use shall be directed and handled by the CFO.
2. The purposes for which the credit card is used must comply with CANOPS usage policy.
3. 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.
4. The designated employee must maintain an accounting system or log which would include the names of individuals requesting the 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.
5. Credit cards should not be used to bypass the accounting system.
6. 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.
7. If properly authorized, an annual fee may be paid.

Textbook Rentals

The state no longer allows schools to charge for textbook rentals as of this writing.

Doug Warrington
CFO