



STATE OF INDIANA
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November 23, 2020

Charter School Board
Career Academy of South Bend, Inc.
3801 Crescent Circle
South Bend, IN 46628

We have reviewed the Supplemental Audit Report for Career Academy of South Bend, Inc., prepared by Kruggel, Lawton & Company LLC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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 5 contain three audit results and comments. Management's response is on page 7.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

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

**ST. JOSEPH COUNTY, INDIANA
July 1, 2018 to June 30, 2019**

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Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2018 to June 30, 2019

School Officials

Office	Official	Term
President of Board of Directors	Lawrence Garatoni	7/1/2018-6/30/2019
Superintendent	Alex Hammel	7/1/2018-6/30/2019
Lydia Jagger	Principal	7/1/2018-6/30/2019
Dean Fecher	Principal	7/1/2018-6/30/2019
Business Manager	Kim Richardson	7/1/2018-6/30/2019



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, 2019 and have issued our report thereon dated October 27, 2020. 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

Elkhart, Indiana
October 27, 2020

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2018 to June 30, 2019

Audit Results and Comments

RECEIPTS AND DEPOSITS

The School collects amounts for various items including textbook fees, field trips, bus passes, fines and other items. We observed that the School generally did not prepare receipts when payments were made by check unless specifically requested.

Receipts shall be issued and recorded at the time of the transaction; for example, when a cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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)

In addition, we tested a random sample of cash receipts. Forty-six of the sixty receipts tested were not deposited by the following business day.

Guidelines issued for Charter Schools by the 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2018 to June 30, 2019

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:

1. The School invoices each student for the textbooks being used, but does not utilize the state approved form (TBR-2).
2. The School pursues delinquent accounts for collection, but it does not have a formal policy to address uncollectible accounts.

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)

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, 2018 to June 30, 2019

TRAVEL CLAIMS

The school reimburses employees for travel claims. We discovered instances of noncompliance with guidelines when vouching support for claims.

Every travel claim must be in writing, properly itemized, supported by original receipts, and include proper documentation to support that the trip was for charter school business. Out of a sample of twenty travel claims, one claim did not use the proper mileage rate, and two claims did not have properly calculated mileage amounts (included mileage to/from home). Three claims did not include printed support for the route.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. The claims must be in writing, itemized, and supported with original receipts, and documentation that the trip was for charter school business. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Reimbursed mileage shall not include travel to and from the employee's home and the charter school building in which the employee works, unless authorized by state statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2018 to June 30, 2019

Exit Conference

The contents of this report are scheduled to be discussed on October 27, 2020 with Alex Hammel (Superintendent), Kim Richardson (Business Manager), 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.



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October 26, 2020

Kruggel Lawton CPAs
210 S. Michigan St, Ste 200
South Bend, IN 46601

Below are our responses to the Supplemental Audit Report for the period July 1, 2018 to June 30, 2019.

Receipts and Deposits

We issue receipts for all forms of payments received in the business office. A policy will be written for receipts to be issued by anyone collecting funds not just the business office. A policy will be written and in place to ensure the timely deposit of funds received into the bank. Training will be provided to all staff at the start of the school year. The policies will be written fall 2020 during the revision of the internal control manual. We will send in a form to SBOA for approval to use for issuing receipts. This will be sent in October 2020.

Textbook Rentals

A formal procedure will be developed and implemented to address uncollectible accounts by December 2020. We have a form that is used for textbook rental fee. The form was submitted to SBOA on 7/29/2020 for approval. We are still awaiting approval from SBOA.

Travel Claims

We have a travel policy in place, it will be reviewed fall of 2020 during the revision of the internal control manual. Training will be provided to staff to ensure they understand the proper procedure.

Sincerely,

A handwritten signature in black ink that reads "Kim Richardson". The signature is fluid and cursive.

Kim Richardson, Business Manager