



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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July 8, 2022

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, 2020 to June 30, 2021. 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 4 contain three audit results and comments. Management's response is on page 6.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

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

ST. JOSEPH COUNTY, INDIANA
July 1, 2020 to June 30, 2021

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Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2020 to June 30, 2021

School Officials

Office	Official	Term
President of Board of Directors	Lawrence Garatoni	7/1/2020-6/30/2021
Superintendent	Alex Hammel	7/1/2020-6/30/2021
Superintendent	Jeremy Lugbill	7/1/2021-6/30/2022
High School Principal	Jeremy Lugbill	7/1/2020-6/30/2021
High School Principal	Nicholas Garstka	7/1/2021-6/30/2022
Middle School Principal	Nicholas Garstka	7/1/2020-6/30/2021
Middle School Principal	Rhonda Myers	7/1/2021-6/30/2022
Primary Principal	Dean Fecher	7/1/2020-6/30/2021
Business Manager	Kim Richardson	7/1/2020-6/30/2021



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, 2021 and have issued our report thereon dated May 11, 2021. 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
May 11, 2022

Career Academy of South Bend, Inc.

ST. JOSEPH COUNTY, INDIANA

July 1, 2020 to June 30, 2021

Audit Results and Comments

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)

CREDIT CARD POLICY

The School utilizes a credit card to make certain purchases. We examined credit card statements and payments for twelve monthly periods. Of the those twelve periods, two included interest payments, and one included late fees.

The 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)

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2020 to June 30, 2021

VENDOR DISBURSEMENTS

Charter schools may not draw a warrant or check for payment of a claim unless there is a fully itemized invoice or bill for the claim, the invoice or bills is approved by the officer or person receiving the goods or services, the invoice or bill is filed with the fiscal officer, the fiscal officer audits and certifies before payment that the invoice or bill is true and correct, and the 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 8 and Part 2)

We tested sixty disbursement transactions and reviewed all minutes available from Board of Director's meetings during the year. The minutes did not specifically indicate that the accounts payable vouchers for the period July 1, 2020 through December 31, 2020 were approved by the Board of Directors.

Career Academy of South Bend, Inc.
ST. JOSEPH COUNTY, INDIANA
July 1, 2020 to June 30, 2021

Exit Conference

The contents of this report are scheduled to be discussed on May 11, 2022 with Jeremy Lugbill (Current 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 6.



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June 1, 2022

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, 2020 to June 30, 2021.

Textbook Rentals

A formal procedure will be developed and implemented to address uncollectible accounts by June 2022.

Vendor Disbursements

The board of directors has started to review the claim disbursements as of the February 2021 board meeting.

Credit Card Policy

We have a credit card policy in place, it will be reviewed summer of 2022 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 blue ink that reads "Kim Richardson".

Kim Richardson
Business Manager