



Mary Taylor, CPA
Auditor of State

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Greater Achievement Community School
Cuyahoga County
3443 East 93rd Street
Cleveland, Ohio 44104

To the Board of Trustees:

We were engaged to audit the accompanying financial statements of the Greater Achievement Community School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the School's management.

The School did not provide adequate documentation to support the amounts reported as cash and cash equivalents on the balance sheet. The completeness, existence and valuation of the outstanding check listing could not be verified to original documentation and the records were not maintained in a manner which supported the amounts recorded as outstanding as of June 30, 2003. In addition there were checks processed by the bank for payroll and non-payroll purposes that were missing.

The School failed to develop a fixed asset accounting system, failed to maintain original supporting documentation which itemized and identified fixed asset purchases, failed to identify the location of assets within the School, or develop and/or implement procedures to record fixed asset additions and deletions.

The amount reported as accounts payable was not supported by original documentation. Invoices representing valid claims against the School were not made available.

The School did not maintain records which included all checks prepared for payments made to employees, some of the supporting documentation for payments made to employees (valid time cards, valid time sheets, and employee employment contracts) could not be located, and we were unable to identify the total amount of payments made to the school employees for payroll purposes.

The accounting system amounts did not support the financial statements amounts.

The School's management declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement, and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities, and violations of laws and regulations as required by generally accepted auditing standards.

Since the School did not provide the evidence described in paragraphs two through seven above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

Also, the cash flow statement was not prepared in the format required by generally accepted accounting principles, and the accompanying financial statements omit all note disclosures required by generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. You should read it in conjunction with this report in assessing the results of our attempt to audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 15, 2008

Greater Achievement Community School
Cuyahoga County

Balance Sheet
As of June 30, 2003

ASSETS

Current Assets

Cash and cash equivalents	\$ 18,021
Prepays	3,070
Accounts Receivable	<u>23,740</u>

Total Current Assets 44,831

Non Current Assets

Furniture and Equipment, Net	<u>21,868</u>
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Total Assets \$ 66,699

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	<u>\$ 15,548</u>
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Total Current Liabilities 15,548

Equity

Retained Earnings	4,837
Net Income	<u>46,314</u>

Total Liabilities and Equity \$ 66,699

Greater Achievement Community School
Cuyahoga County

Statement of Revenues, Expenses, and Changes
In Retained Earnings
For the Year End June 30, 2003

Operating Revenues	
Foundation Payments	\$ 494,337
Disadvantaged Pupil Impact Aid	0
Food Service	0
Other Operating Revenue	<u>16,307</u>
Total Operating Revenue	510,644
Operating Expenses	
Salaries	182,395
Fringe Benefits	39,093
Purchased Services	442,832
Materials and Supplies	65,930
Depreciation	7,621
Other Operating Expenses	<u>38,776</u>
Total Operating Expenses	776,647
Operating Loss	<u>(266,003)</u>
Non-Operating Revenues	
Federal and State Grants	311,927
Interest Income	<u>390</u>
Total Non-Operating Revenues	312,317
Net Profit	<u>46,314</u>
Retained Earnings Beginning of Year	4,837
Retained Earnings End of Year	<u><u>\$ 51,151</u></u>

Greater Achievement Community School
Cuyahoga County

Statement of Cash Flows
For the Year End June 30, 2003

Increase in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash from State of Ohio	\$ 494,337
Cash Payments to Suppliers for Goods and Services	(547,538)
Gross Payroll to Employees for Services	(229,109)
Other Operating Revenue	<u>16,307</u>

Net Cash from Operating Activities (266,003)

Cash Flows from Noncapital Financing Activities

Grants Received from State Subsidies	
Grants Received from Federal Subsidies	<u>\$ 311,927</u>

Net Cash Provided by Noncapital Financing Activities 311,927

Cash Flows from Capital and Related Financing Activities

Fixed Asset Purchases, Net	<u>(28,189)</u>
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Cash Inflows from Investing Activities

Interest Income	390
Change in Prepays	(3,070)
Change in Accounts Receivable	(23,740)
Change in Accounts Payable	<u>21,794</u>

Net Increase (Decrease) in Cash and Cash Equivalents 13,109

Cash and Cash Equivalents at Beginning of Year 4,912

Cash and Cash Equivalents at End of Year \$ 18,021

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss (266,003)

Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities

Depreciation 7,621

Changes in Assets and Liabilities

Fixed Assets	(28,189)
Accounts Payable	21,794
Accounts Receivable	(23,740)
Prepays	<u>(3,070)</u>

Total Adjustments (33,205)

Net Cash Used for Operating Activities \$ (291,587)

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Greater Achievement Community School
Cuyahoga County
3443 East 93rd Street
Cleveland, Ohio 44104

To the Board of Trustees:

We were engaged to audit the financial statements of the Greater Achievement Community School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 15, 2008. Our report indicated that we did not obtain adequate documentation to support the amounts reported as cash and cash equivalents, the insufficiency of evidence to support the amounts reported as fixed assets, the inability to support the amounts reported as accounts payable, the incomplete financial records for payroll and non-payroll purposes and incomplete files of supporting documentation, financial records which did not support the financial statements, improperly prepared cash flow statements, the omission of the required note disclosures and we did not obtain certain representations from the School's management as required by generally accepted auditing standards, therefore, we did not express an opinion on the financial statements.

Internal Control Over Financial Reporting

In planning and performing our engagement, we considered the School's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-017 through 2003-027.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2003-017 through 2003-025 listed above to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-016.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 15, 2008

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-001
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions.”

During fiscal year 2003, the Greater Achievement Community School issued payments to individuals for which supporting documentation was not on file, approval of the Board of Trustees could not be verified, the purpose or necessity for the purchase was not documented, and for which no supporting documentation was found. This missing documentation included invoices from numerous vendors. Further the minutes of the Board of Trustees did not reflect the Board members approval for the payments, for the expenses incurred which were not properly recorded, and for cash withdrawals made from depository accounts which were not documented or supported.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School’s finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Elijah M. Scott, Developer and Superintendent, Marilyn Smith-Gore, Treasurer, and Renea Woods, Assistant Treasurer, jointly and severally, in the amount of \$453,593 and in favor of the Greater Achievement Community School.

Marilyn Smith-Gore, Treasurer, shall be secondarily liable for such illegal expenditure to the extent that recovery or restitution is not obtained from Elijah M. Scott and Renea Woods.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-002
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

During the fiscal year 2003, the Greater Achievement Community School issued payments to individuals and vendors for which supporting documentation was not on file, approval of the Board of Trustees could not be verified, the purpose or necessity for the purchase was not documented, and for which no supporting documentation was found. This missing documentation included invoices from numerous vendors. Further the minutes of the Board of Trustees did not reflect the Board members approval for the payments, for the expenses incurred which were not properly recorded, and for cash withdrawals which were from depository accounts which were not documented or supported.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Elijah M. Scott, Developer and Superintendent, Marilyn Smith-Gore, Treasurer, Renea Woods, Assistant Treasurer, and Getting Started, Incorporated, jointly and severally, in the amount of \$88,100 and in favor of the Greater Achievement Community School.

Marilyn Smith-Gore, Treasurer, shall be secondarily liable for such illegal expenditure to the extent that recovery or restitution is not obtained from Elijah M. Scott and Renea Woods.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-003
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

During the fiscal year 2003, withdrawals of cash were made from the Greater Achievement Community School's St. Coleman's Credit Union account by Elijah M. Scott, Developer and Superintendent for which supporting documentation was not on file, nor was the purpose or necessity of the cash withdrawals documented.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Elijah M. Scott, Developer and Superintendent in the amount of \$45,512 and in favor of the Greater Achievement Community School.

FINDING NUMBER	2003-004
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

During the fiscal year 2003, the Greater Achievement Community School issued payments to Elijah M. Scott, Developer and Superintendent, for which supporting documentation was not on file, approval of the Board of Trustees could not be verified, the purpose or necessity for the purchase was not documented, and for which no supporting documentation was found. This missing documentation included invoices.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-004
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Finding for Recovery (Continued)

Further the minutes of the Board of Trustees did not reflect the Board members approval for the payments or a description of the purpose and documentation of the necessity of the payment for the operation of the School.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Elijah M. Scott, Developer and Superintendent in the amount of \$28,875 and in favor of the Greater Achievement Community School.

FINDING NUMBER	2003-005
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

During the fiscal year 2003, the Greater Achievement Community School issued payments to Marilyn Smith-Gore, Treasurer, for which supporting documentation was not on file, approval of the Board of Trustees could not be verified, the purpose or necessity for the purchase was not documented, and for which no supporting documentation was found. This missing documentation included invoices. Further the minutes of the Board of Trustees did not reflect the Board members approval for the payments or a description of the purpose and documentation of the necessity of the payment for the operation of the School.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-005
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Finding for Recovery (Continued)

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Marilyn Smith-Gore, Treasurer in the amount of \$9,571 and in favor of the Greater Achievement Community School.

FINDING NUMBER	2003-006
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions.”

During the fiscal year 2003, the Greater Achievement Community School issued payments to Renea Woods, Assistant Treasurer, for which supporting documentation was not on file, approval of the Board of Trustees could not be verified, the purpose or necessity for these payments was not documented, and for which no supporting documentation was found. This missing documentation included invoices. Further the minutes of the Board of Trustees did not reflect the Board members approval for the payments or a description of the purpose and documentation of the necessity of the payment for the operation of the School.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School’s finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-006
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Finding for Recovery (Continued)

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended is hereby issued against Renea Woods, Assistant Treasurer in the amount of \$6,518 and in favor of the Greater Achievement Community School.

FINDING NUMBER	2003-007
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Finding for Recovery

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

On August 6, 2002, State of Ohio warrant number 4296984 was issued to the School in the amount of \$41,513. This warrant represented a school foundation payment issued by the Ohio Department of Education. On August 12, 2002, this warrant was cashed and the proceeds were deposited into a bank account which belonged to Getting Started, Incorporated. The proceeds were not recorded to the records and accounts of the School.

Without appropriate documentation it is not possible to determine if the expenditures were made for a proper public purpose. The failure to maintain adequate support for expenditures could result in a loss of accountability over the School's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the forgoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public monies illegally expended and for monies collected but not recorded is hereby issued against Getting Started, Incorporated and Renea Woods, Assistant Treasurer, jointly and severally, in the amount of \$41,513 and in favor of the Greater Achievement Community School.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-008
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Community School Contract

Article III of the contract entered into between the Governing Authority of the Greater Achievement Community School and the Ohio Department of Education, titled "Responsibilities of the Governing Authority", requires the School to be established as a non-profit corporation under the provisions of Section 1702 of the Ohio Revised Code.

Based on a review of the records of the Secretary of State, the Greater Achievement Community School was not registered as a non-profit corporation.

We recommend the School make an application to the Secretary of State to be registered as a non-profit corporation as required by Section 1702 of the Ohio Revised Code.

FINDING NUMBER	2003-009
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Books, Records of Accounts, and Minutes

Ohio Revised Code Section 1702.15 states in part that each corporation shall keep correct and complete books and records of account, together with minutes of the proceedings of its incorporators, members, directors, and committees of directors or members.

The School failed to maintain correct and complete books and records of account, maintain files of supporting documentation for payments made and maintain a complete file of canceled checks. In addition, the Academy had duplicate check numbers issued to multiple vendors and checks issued without check numbers. The Disclaimer of Opinion issued, with this report, is a direct result of the Academy's failure to maintain original supporting documentation.

The following are examples of vendors that received payments from the Academy for which the Academy failed to maintain original supporting documentation: 1900 Euclid Avenue Lofts - \$4,958, Annette Hancock - \$3,988, Baltimore Enterprises - \$48,641, Sherri Baltimore - \$3,800, Bernard Taylor - \$4,687, Bishop William Young, Jr. - \$2,000, Carol A. McDaniel - \$3,101, Charles Jones - \$8,000, Demetrius Butler - \$2,990, First Restored Church - \$2,900, International Apostolic University - \$2,500, Marlon Travis - \$2,412, Natasha Overstreet - \$3,120, Rona D. Huckabee - \$4,589, Sanders Garrett- \$40,500, and Youth For a Positive Vision - \$50,371.

We recommend the School maintain financial records which are correct, complete, and accurate. If necessary the School should review all of the available training and obtain the training necessary to maintain complete and accurate records of account.

**GREATER ACHIEVEMENT COMMUNITY SCHOOL
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2003-010
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Financial Report Filing

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year, within one hundred and fifty days for entities reporting on a GAAP basis. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. In part this report shall contain the following:

- Amount of collections and receipts, and accounts due from each source; and,
- Amount of expenditures for each purpose.

Ohio Administrative Code Section 117-2-03 (B) further clarifies the filing requirements of Ohio Revised Code Section 117.38. This section provides that all school districts, including educational service centers and community schools, shall file their annual financial reports pursuant to generally accepted accounting principles. Generally accepted accounting principles (GAAP) require the following:

- Balance sheet as prescribed by GAAP standards;
- Income and expense statement as prescribed by GAAP;
- Cash flow statement as prescribed by GAAP; and
- Notes to the financial statements as prescribed by GAAP.

The School has not filed its financial statements for the year ended June 30, 2003, which was their first year of operation.

We recommend the School organize its financial recordkeeping, develop tickler files as a reminder of filing dates and take all other steps necessary to file its financial statements within the prescribed time period. If these financial statements are not filed within the prescribed timetable the School may be assessed a late filing penalty.

FINDING NUMBER	2003-011
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Education Information Management System (EMIS)

Ohio Revised Code Section 3314.17 requires community schools to follow the requirements of Ohio Revised Code Section 3301.0714. This section provides for the Ohio Department of Education (ODE) to establish guidelines for a statewide Education Management Information System (EMIS). In response to the legislative mandate, ODE adopted the rule for school districts requiring the development and implementation of a statewide EMIS. Each school district must periodically collect and report the required information to the ODE, as required by the EMIS manual. This required information consists of the following:

Section A prescribes:

- Standards identifying and defining the type of data in the system;
- Procedures for annually collecting and reporting the data;
- Procedures for annually compiling the data;
- Procedures for annually reporting the data to the general public;

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FINDING NUMBER	2003-011
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Education Information Management System (EMIS) (Continued)

Section B prescribes:

- Guidelines outlining what information should be maintained in the system;

Section C prescribes:

- That education management information shall include cost accounting data for each district as a whole and by building;

Section D prescribes:

- Guidelines which require information about individual students, staff members, or both; and,

Section E further prescribes

- Guidelines which describe any and all special reports which may be required.

In addition, Section 117-6-01(B) of the Ohio Administrative Code and, Chapter 4, Section 4.1 of the EMIS manual prescribe that each school district must maintain its records on the Uniform School Accounting System (USAS). This system involves an account structure with district dimensions. To meet these requirements it is necessary for the school to maintain its financial records at specified minimum levels of detail for each dimension.

The School failed to meet the reporting and record keeping requirements as outlined above. The School did not properly file EMIS reports nor did the School maintain its financial records in accordance with the requirement of the USAS system.

We recommend the School review the agreed upon requirements of the Community School Contract, the above noted sections of the Ohio Revised Code, and the Ohio Administrative Code which are part of the contract and are very specific as to this requirement. The School has no options in the implementation and use of this system.

FINDING NUMBER	2003-012
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Teacher Licenses

Ohio Revised Code Section 3314.03 (A) (10) requires that all community school classroom teachers be licensed in accordance with Ohio Revised Code Sections 3319.22 through 3319.31, except that a community school may employ non-certified persons to teach up to twelve hours per week, pursuant to the requirements of Ohio Revised Code Section 3319.301. Ohio Rev. Code Section 3319.301 (B) provides that a permit must be issued by the Ohio Department of Education to these "noncertified" persons in order to permit them to teach.

There were eleven teachers and/or instructional assistant employees for the School during the audit period. The School was not able to provide copies of the teaching licenses or permits for any of these employees.

We recommend the School review the personnel files to make sure that all pertinent licenses, permits and certificates are on file.

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FINDING NUMBER	2003-013
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Notice of Public Meetings

Ohio Revised Code Section 121.22 (C) states that all meetings of any public body are declared to be public meetings open to the public at all times. A member of a public body must be present in person at a meeting open to the public to be considered present or to vote and for determining whether a quorum is present. The minutes of a regular or special meeting of any such public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section.

Ohio Revised Code Section 121.22 (F) states that every public body shall, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of any emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall notify the news media that have requested notification immediately of the time, place, and purpose of the meeting.

Although the School had on file an open meeting and meeting notification policy, the School did not readily provide minutes of the Board meetings to the Auditor of State, and there was no evidence of a public notice of the meetings.

We recommend the School establish a method to notify the public of the meetings and establish a timely method of recording the Board minutes and making them available to the public for inspection.

FINDING NUMBER	2003-014
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Fiscal Officer Designation Bonding Requirement

Ohio Revised Code Section 3314.011 provides the School designate an individual as the fiscal officer. The Ohio Administrative Code (OAC) Section 117-6-07 (B) requires the fiscal officer execute a bond prior to entering upon the duties of the fiscal officer. Subsection (B) (1) provides that the bond amount and surety is to be established by resolution of the governing authority. Subsection (B) (3) states that bonding is conditioned on the faithful performance of the employee's official duties. Should an error or theft occur without a performance bond, the School may not be able to recover any funds that are lost.

In addition, Ohio Revised Code Section 3314.011 provides that prior to assuming the duties of fiscal officer, the fiscal officer designee shall be licensed as prescribed by Section 3301.074 of the Revised Code or shall complete not less than sixteen hours of continuing education classes in the area of school accounting as approved by the sponsor of the community school. Any fiscal officer who is not licensed under this section shall complete an additional twenty-four hours of continuing education within one year after assuming the duties of fiscal officer of the school.

The Board did not execute a bond for the position of fiscal officer (treasurer) nor did the Board set the amount of the surety, but the Board did designate an individual as a fiscal officer. Also, the individual designated as fiscal officer failed to obtain the necessary license or training prior to assuming the position of fiscal officer.

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FINDING NUMBER	2003-014
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Fiscal Officer Designation Bonding Requirement (Continued)

The Board appointed an individual as assistant to the fiscal officer and a faithful performance bond was on file for the assistant fiscal officer. However the assistant fiscal officer did not have the necessary license or training for the position as prescribed.

We recommend the School review the provisions of Ohio Revised Code Sections 3314.011 and 3301.074, as well as OAC Section 117-6-07 and take the necessary steps to ensure the fiscal officer is identified by the Board, the individual is adequately bonded, and is licensed or has completed the required continuing education training.

FINDING NUMBER	2003-015
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Annual Report of Activities

Ohio Revised Code Section 3314.03(A) (11) (g) provides that the community school's governing authority is required to submit an annual report of its activities and progress in meeting the goals and standards of Ohio Revised Code Section 3314.03(A)(3) and (4) (academic goals to be achieved and method of measurement to determine progress and performance standards to evaluate a school's success) and its financial status to the sponsor, the parents of all students enrolled in the school, and the legislative office of education oversight. The report must be submitted within four months after the end of each school year. The school must collect and provide any data that the legislative office of education oversight requests in furtherance of any study or research that the general assembly requires the office to conduct.

The School failed to provide the required annual report of its activities and progress in meeting the goals and standards as required by the above Ohio Revised Code Section, as well as, its financial status to the sponsor, the parents of all students enrolled in the school, and the legislative office of education oversight.

We recommend the School prepare and submit the required annual report within the prescribed time frame.

FINDING NUMBER	2003-016
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Five-Year Revenue and Expenditure Projection

Ohio Revised Code Section 3314.03(A)(15) states the School is required to prepare a financial plan detailing an estimated school budget for each year of the period of the contract and specify the total estimated per pupil expenditure amount for each such year. The plan shall specify the yearly base formula amount that will be used for purposes of funding calculations under section 3314.08 of the Ohio Revised Code. This base formula amount for any year shall not exceed the formula amount defined under section 3317.02 of the Revised Code. The plan may also specify for any year a percentage figure to be used for reducing the per pupil amount of the subsidy calculated pursuant to section 3317.029 of the Revised Code the School is to receive that year under section 3314.08 of the Revised Code.

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FINDING NUMBER	2003-016
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Five-Year Revenue and Expenditure Projection (Continued)

The School did not prepare the financial plan as required. Consequently, the Board was not able to approve a spending plan or approve the assumptions of the financial management in dealing with the finances of the School.

We recommend the School review the requirements of Ohio Revised Code Section 3314.03 and take the necessary steps to meet this requirement including obtaining the approval of the governing board and reviewing the appropriateness of the amounts included in the estimated budget.

FINDING NUMBER	2003-017
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Cash Flow Statements as required by Generally Accepted Accounting Principles

Governmental Accounting and Financial Reporting Standards codification section 2200.138 requires the following financial statements which are necessary for separately issued General Purpose Financial Statements to be presented fairly in conformity with generally accepted accounting principles:

- Combined Balance Sheet;
- Combined Statement of Revenues, Expenditures, and Changes in Retained Earnings;
- Combined Statement of Cash Flows; and,
- Notes to the Financial Statements

Governmental Accounting and Financial Reporting Standards codification section 2450.101 through 2450.134 establishes the standards for reporting cash flow statements.

Although the School prepared a cash flow statement with its financial statements, it was not prepared in the proper format as provided by the above identified sections of the Governmental Accounting and Financial Reporting Standards. For example, the amounts included for operating cash provided and used were on the GAAP basis and fixed assets were included in the operating reconciliation.

We recommend the School review the provisions of this section of the Governmental Accounting and Financial Reporting Standards and apply its contents as cash flow statements are prepared.

FINDING NUMBER	2003-018
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Note Disclosures Required by Generally Accepted Accounting Principles

Governmental Accounting and Financial Reporting Standards codification section 2300.106 states, the notes to the financial statements are essential to the fair presentation of the financial statements. They are intended to communicate information that is necessary and that cannot be included in the financial statements themselves. The notes provide necessary disclosure of material items, the omission of which would cause the financial statements to be misleading. The notes are an integral part of the financial statements and are intended to be read with the financial statements. The more significant notes are identified as follows:

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FINDING NUMBER	2003-018
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Note Disclosures Required by Generally Accepted Accounting Principles (Continued)

- Summary of significant accounting policies;
- Budgeting;
- Receivables;
- Fixed Assets;
- Definition of cash and cash equivalents used in the statement of cash flows;
- Policy regarding the use of FASB pronouncements;
- Cash deposits with financial institutions;
- Investments (if applicable);
- Purchased Services
- Risk Management;
- Debt service requirements to maturity;
- Significant contingent liabilities;
- Significant effects of events subsequent to the balance sheet date;
- Annual pension costs and obligations; and commitments under leases.

The above identified notes to the financial statements are not all inclusive and additional disclosures should be made if necessary.

The School did not present notes to the financial statements.

It is vital that the School develop and present financial statements which are comprised of all required financial statements and disclosures. Without these disclosures the financial statements are incomplete, could be misinterpreted, and improper conclusions could be reached.

FINDING NUMBER	2003-019
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Purchasing Cycle Controls

The Board has not developed or approved non-payroll purchasing control procedures. During our review of non-payroll transactions we noted that in 52 out of 60 transactions tested proper support documentation (original vendor invoice or some other form of check approval) was not attached. Formal purchase orders were not used and although packing slips were used to verify the completeness of orders received they were not included as support documentation. We also noted that in 14 out of 60 transactions tested the canceled checks were missing. Starting in December 2002 and continuing through June 30, 2003, the bank statement noted undocumented debit card charges to one Fifth Third Bank account. Also, we noted another Fifth Third Bank account which had undocumented debit card transactions on the June 2003 bank statement. We were only provided the statements starting with June 2003 and could not verify when these debit transactions began.

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FINDING NUMBER	2003-019
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Purchasing Cycle Controls (Continued)

We recommend the Board develop a policy dealing with non-payroll transactions. We also recommend that this policy, at a minimum, include the use of purchase orders and purchase requisitions/check requests to provide proper approvals for the expenditure of the School's funds. Also we recommend the Board should adopt a policy that specifies when a debit card may be used and the documentation required for use. Since all purchases with the debit card are identified on the bank statement, an independent review of each month's bank statement should be performed to verify that the directives of the Board are followed, all purchases are for a proper school purpose and that supporting documentation is submitted for the use of the card. If the Board directives are not followed then appropriate actions should be taken by the Board.

FINDING NUMBER	2003-020
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Developing and Implementing an Effective Monitoring Control System

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and,
- Review of monthly bank reconciliations by someone independent of their preparation.

The lack of effective monitoring controls has lead to the misallocation or misstatement of School funds, expenditure of funds contrary to the directives of the governing board and non-compliance with federal or state laws or regulations. This could result in a loss of funding from federal and state sources, and errors or irregularities occurring in financial transactions which affect the bank reconciliations could go undetected.

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FINDING NUMBER	2003-020
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Developing and Implementing an Effective Monitoring Control System (Continued)

We recommend that management prepare monthly financial statements and submit them to the Board at each regularly scheduled meeting. The Board should then review these financial statements and when satisfied as to their accuracy approve them through the minute records. In addition, management should ensure that any reports required by the grantor agencies, per the terms of grant agreements, are completed accurately and filed with the respective grantor agencies in a timely manner. Management should also ensure that proper segregation of duties exists, including an independent review of the monthly bank reconciliations.

FINDING NUMBER	2003-021
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Fixed Assets

We noted the following control weaknesses over fixed assets:

- A fixed asset accounting system, which maintains a complete fixed asset listing by location, with tag or other identification numbers and other pertinent information has not been developed;
- The School has not developed and implemented procedures to record assets as additions when purchased and deletions when disposed of through the year;
- The School does not have a listing of fixed assets purchased with federal funds to ensure that items purchased with federal funds are used for that specific purpose;
- A capitalization threshold was not established by the Board;
- Invoices and supporting documentation for items were not identified; and,
- The fixed asset listing provided could not be verified for completeness.

Failure to prepare timely reports or employ adequate controls over the acquisition and disposal of fixed assets could result in misappropriation of assets and/or misstatement of recorded amounts on the financial statements.

To maintain adequate safeguards over fixed assets and to reduce the risk that the School's assets may be misstated, we recommend management develop and implement procedures to be performed throughout the year for the recording and updating of fixed assets, including an individual listing of items purchased with federal funds. These procedures should include tagging all fixed assets meeting an established capitalization threshold. Further, addition and disposal forms should be completed and approved by management when assets are acquired and retired. This information should then be entered into the fixed asset accounting system and include such information as the tag number, location of the asset, description of the item, cost, acquisition date, and any other pertinent information. Periodic physical inventories should be performed, and the fixed assets listed on the accounting system should be compared to the items on hand and any discrepancies should be investigated.

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FINDING NUMBER	2003-022
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Employee Payroll Master File

During a review of the Employee Master Files we noted the following in the 14 employee files tested:

- 10 did not contain an employment contract;
- 11 did not contain retirement authorization deduction forms;
- 5 did not contain federal tax withholding authorization forms;
- 6 did not contain state tax withholding authorization forms; and
- 8 did not contain authorization forms for local city income tax.

Missing salary agreements and withholding authorization forms could result in salary/wage payment disputes, employees being paid incorrect amounts, and the possible misappropriation of funds. Missing deduction authorization forms could lead to incorrect amounts being withheld from employee wages.

We recommend the Board develop a procedure manual detailing all of the steps necessary to document the employment of an individual, authorization of Board approved salary/hourly rate, detailed listing of all payroll deduction forms, voluntary and non-voluntary, and a copy of an employment contract. Also, a review procedure should be in place to help ensure the accuracy of and completeness of the employee master files.

FINDING NUMBER	2003-023
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Development and Implementation of Payroll Processing Procedures

Procedures for payroll processing should include, but are not limited to:

- Approval by the Board of Trustees of all pay rates;
- Comparison of all employees' gross wages paid with the approved pay rates as documented in employee contracts; and,
- Approval and tracking of sick time usage and balances for each employee.

We noted the Board approved salaries for only 5 out of 14 employees tested. We also noted four instances when the employee's gross payroll amount used to calculate payments was less than the employee's contract and the amount approved by the Board, and the payroll files did not include an explanation.

The Board should formally approve employment contracts or pay scales for all employees. Without this approval, it is possible that employees could be paid amounts which were not in accordance with the direction of the Board. Also, we recommend the Board monitor the amounts paid to employees.

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FINDING NUMBER	2003-024
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Payment of State Teachers Retirement System Withholdings

As of June 30, 2003, the School had not remitted the retirement withholdings from the teaching employees on a timely basis. The amount owed by the School totaled \$ 1,081. This amount represented the withholdings for the pay periods ending May 30, 2003, June 15, 2003, June 30, 2003, and interest and penalties. The State Teachers Retirement System (STRS) had, by rule of the retirement board, mandated that retirement system withholdings be deposited with the system no later than five business days after the pay period ending date. These withholdings were received by the retirement system on July 28, 2003.

In addition, the School had not remitted the retirement withholdings from the teaching employees on a timely basis for the pay periods ending July 15, 2003 and July 31, 2003 in the amount of \$ 604.24 as of August 28, 2003. This indicates the School is consistently delinquent in remitting the retirement withholdings to STRS.

We recommend the School be diligent in its responsibility and remit the withholdings from the employees on a timely basis. These funds are the employee's and not the School's. Also, the School is assessed late payment penalties and interest if payment is not made on a timely basis.

FINDING NUMBER	2003-025
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Condition of Accounting Records

Management is responsible for implementing and maintaining a system of controls designed to enable management to determine the accuracy of financial transactions of the School. Also, management is responsible for developing and maintaining complete and accurate financial records. In lieu of complete and accurate financial records, we noted that the records consisted of the following:

- Monthly bank statements, some canceled checks, some invoices which were received from vendors for items purchased, ADP records of most payrolls, and GAAP basis financial statements;
- Revenue ledgers which did not contain all funds received;
- Incomplete files of canceled checks;
- Lacking or non-existent support documentation for non-payroll expenditures;
- No authorization by Board approval for employee salary and/or wage rates;
- Non-existent fixed asset records;
- Incomplete documentation of the Board's review or approval of the financial activity of the School; and
- Missing Note disclosures to the financial statements which were not prepared as required by the Government Accounting Standards Board (GASB).

We recommend the School develop and maintain a system of controls and financial records which exhibit the financial position of the School, and at a minimum, consist of the following:

- Revenue ledgers which record all sources of monies received, the purpose of the receipt, and from whom, it was received;
- Sequentially numbered duplicate receipts prepared for all monies received;

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FINDING NUMBER	2003-025
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Condition of Accounting Records (Continued)

- Copies of all deposit transactions to the bank;
- Reconciliations of bank deposits to duplicate receipts and revenue ledgers;
- Development of a system to document approvals for expenditures made;
- Expenditure ledgers which record all expenditures of monies and the purpose of the expenditure;
- Files which consist of the original invoices received for all expenditures made which cross reference to the checks prepared for the payment of the invoices (if invoices are not filed with the canceled checks);
- Files of all canceled checks returned from the bank;
- Complete and accurate listings of all outstanding checks at the end of each month;
- Complete and accurate monthly bank to book reconciliations;
- Preparation of monthly financial statements;
- Development of Board policies which enumerate and describe the financial records to be maintained by the School;
- Development by management of a complete system of controls to help ensure the completeness, accuracy, and validity of the School's financial transactions;
- Evidence of review of the financial statements and supporting documentation by the Board and management; and,
- Complete Note disclosure to the financial statements as required by GASB, which would include information concerning donations to the school, related party transactions, and full disclosure of loans made to the school.

Numerous sources of information are available to the School's management describing the process of internal controls, recordkeeping requirements and reporting procedures. It is the responsibility of management to ensure that all responsible parties have access to this literature and training sessions.

FINDING NUMBER	2003-026
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Establishing an Audit Committee

The School should establish an audit committee. The National Commission on Fraudulent Financial Reporting (known as the Treadway Commission), has stated that audit committees can serve as "informed, vigilant, and effective overseers of the financial reporting process and internal controls." An audit committee should perform the following functions.

- Periodically review the process used to prepare interim financial information submitted to the Board;
- Review the annual unaudited financial report submitted to the Auditor of State;
- Review audit results;
- Assure that audit recommendations are appropriately addressed; and,
- Serve as liaison between management and independent auditors.

Generally accepted auditing standards require that auditors communicate the following information to an audit committee.

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FINDING NUMBER	2003-026
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Establishing an Audit Committee (Continued)

- The auditors' professional responsibility under generally accepted auditing standards;
- Selections of accounting policies;
- Sensitive accounting estimates;
- Significant audit adjustments;
- Disagreements with management; and,
- Difficulties encountered in performing the audit.

The audit committee can include members of the Board of Trustees or the current finance committee. However, it is preferable to include representation that is independent from officials or management. The committee could include professionals knowledgeable in the School's operations and in accounting, such as attorneys or bankers. The audit committee should meet regularly (perhaps quarterly) to monitor the School's financial reporting and control activities, and should meet with its independent auditors before and after each audit.

FINDING NUMBER	2003-027
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Comprehensive Business Resumption Plan

The School does not have a written business resumption plan addressing the steps to be taken in the event of a disaster which temporarily or permanently disables data processing capabilities. In developing the plan, the School should consider the frequency and location of off-site storage of backups, and the availability of compatible software and hardware for processing. The plan should focus on identification and restoration of critical applications and processing services, including user procedures and telecommunications.

We recommend a study be conducted to identify critical data processing functions and the associated outage tolerances. Based upon the outcome of this study, a plan for restoring data processing services relied upon for providing essential services to the public should be developed. The plan should be distributed to the appropriate personnel and tested.

Official's Response

No response was received for findings 2003-001 through 2003-027.



Mary Taylor, CPA
Auditor of State

GREATER ACHIEVEMENT COMMUNITY SCHOOL

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2008**