



**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

**FINAL AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Dave Yost • Auditor of State**



**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

International College Preparatory Academy  
Hamilton County  
11260 Chester Road, Suite 230  
Cincinnati, Ohio 45246

To the Board of Trustees and Sponsor:

We were engaged to audit the accompanying basic financial statements of the International College Preparatory Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management.

As disclosed in Note 2, the School ceased operations on November 14, 2008. On July 1, 2008, the School terminated a contract with its former Sponsor. The new Sponsor became Educational Resource Consultants of Ohio, Inc. The School failed to prepare or file with the Auditor of State financial statements for the period of time covered by the engagement. Since there was no management from the School willing or able to accept responsibility for the school's financial statements, the Auditor of State was not independent.

The School did not make available the minute records of the Board.

The School did not provide evidence of its cash and cash equivalents as of June 30, 2009. The School failed to maintain correct and complete books and records of account, the School did not provide financial records which recorded the identity of all checks prepared for payments made, cancelled checks were not maintained, and original documentation was not made available to support payment. For the period covered by this engagement, the bank accounts had not been reconciled.

The School did not provide a complete and accurate listing of revenues collected from all sources.

The School did not maintain any records supporting payments made to employees (valid time cards, valid time sheets, and employee employment contracts). We were unable to identify the total amount of payments made to the school employees for payroll purposes.

The School failed to maintain original supporting documentation which itemized and identified capital assets purchased.

Management has not provided written representations, which are required by auditing standards generally accepting in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Thus we were unable to obtain 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 law and regulations by management.

Due to the significance of the matters discussed in paragraphs two through eight above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express an opinion on the financial activity of the School.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2012, 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 grant agreements and other matters.

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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because we were unable to obtain sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

September 6, 2012

**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Cash Receipts:</b>	
Total Cash Receipts	\$954,117
<b>Cash Disbursements:</b>	
Total Cash Disbursements	1,020,906
Total Receipts Over/(Under) Disbursements	<u>(66,789)</u>
Bank Cash Balances, January 1 (See Note 2)	<u>119,823</u>
<b>Bank Cash Balances, December 31</b>	<b><u><u>\$53,034</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

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**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**1. Summary of Significant Accounting Policies**

**A. Accounting Basis**

The School did not classify its receipts or disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A). This Ohio Administrative Code Section requires the classification of receipts and disbursements.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**2. Subsequent Events**

On November 14, 2008, the School's sponsor, Educational Resource Consultants of Ohio, Inc., (ERCO) elected to close the School.

Bank Balance at 7/1/2009	\$53,034
Subsequent Receipts	472
Subsequent Disbursements	<u>53,306</u>
Bank Balance at 8/21/2009 (Remaining Disbursement Unknown)	<u>\$200</u>

The bank accounts for the Business Checking and the Board Savings account were closed on August 21, 2009. The balances of the accounts were issued as cashier's checks made payable to the Ohio Department of Education. These funds were returned by the Ohio Department of Education to the Sponsor, Educational Resource Consultants of Ohio (ERCO) on May 19, 2011 for the full amount of \$53,201.44. These funds are in an ERCO account as of August 31, 2012.

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# Dave Yost • Auditor of State

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

International College Preparatory Academy  
Hamilton County  
11260 Chester Road, Suite 230  
Cincinnati, Ohio 45246

To the Board of Trustees and Sponsor:

We were engaged to audit the financial statements of the International College Preparatory Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, and have issued our report thereon dated September 6, 2012. Our report indicated that because we were unable to obtain written representations from the School's management and the School failed to adequately present or document revenue, disbursements, cash, capital assets, board minutes and federal reporting requirements, we did not express an opinion. In addition, our report indicated the Schools operation terminated on November 14, 2008.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-003, 2009-005 and 2009-007 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency.

### Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we were engaged to test 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 2009-002 through 2009-007.

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board, the Community School's sponsor, federal awarding agencies, and pass-through entities and others within the School. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

September 6, 2012

**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Significant Deficiency**

**Bank Balances**

We obtained bank statements from U.S. Bank and scheduled all of the School's banking activity and documented all receipts and disbursements into the bank accounts through June 30, 2009. Based on the the results of our review of the bank activity at June 30, 2009, there were remaining balances in the Business Checking account in the amount of \$6,673.82; in the Board Savings account in the amount of \$46,527.62; and the Operating Account in the amount of \$200.

We obtained closing statements for the Business Checking and the Board Savings account. Both accounts were closed on August 21, 2009. The balances of the accounts were issued as cashier's checks made payable to the Ohio Department of Education.

We were not provided with a closing statement for the Operating Account and were unable to determine the disposition of the \$200 remaining in that account.

**Officials' Response:**

These funds were returned by the Ohio Department of Education to the Sponsor, Educational Resource Consultants of Ohio (ERCO) on May 19, 2011 for the full amount of \$53,201.44. These funds are in an ERCO account as of August 31, 2012. Bank statements for July 2012 and August 2012 were given to the Auditor of State.

**FINDING NUMBER 2009-002**

**Material Noncompliance**

**Ohio Revised Code, Sec. 5705.391(A)**, requires School boards to prepare 5 year projections of revenues and expenditures. The plan must be approved by resolution and submitted to the Ohio Department of Education (ODE). The School did not submit a 5 year projection to the ODE.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2009-003**

**Material Noncompliance / Material Weakness**

**Ohio Admin. Code Sections 117-2-02(D) and (E)** states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records **should** include the following:

1. Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.

**FINDING NUMBER 2009-003  
(Continued)**

2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
3. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
4. In addition, all local public offices should maintain or provide a report similar to the following accounting records:
  - a. Payroll records including:
    - i. W-2's, W-4's and other withholding records and authorizations;
    - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;
    - iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
    - iv. Information regarding nonmonetary benefits such as car usage and life insurance; and
    - v. Information, by employee, regarding leave balances and usage;
  - b. Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Fixed assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

We did not receive any original documents supporting the accounting records.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2009-004**

**Material Noncompliance**

**Ohio Revised Code, Sec. 149.43**, states public records will be available for inspection and copying. The School is required to follow this ORC per its sponsorship contract. All of the School's records were either lost or destroyed and therefore no records were available for inspection or copying.

**Officials' Response:**

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2009-005

#### Material Noncompliance / Material Weakness

**Ohio Revised Code, Sec. 149.351**, provides 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 provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

- The School did not maintain support or any documentation for receipts. We were able to trace some receipts to third party verification. IE: State Distribution Transaction Listing, Federal Subsidy Summary Report, Summary Foundation Settlement Sheets, and the CCIP application on the Ohio Department of Education's website.
- The School did not make available the minute records of the Board, receipts or disbursement ledgers, a cash journal or general ledger, check register, expenditure documentation such as invoices, bank reconciliations, supporting documentation for any receipts, insurance policies, federal grants documentation.
- In relation to student data, the School did not provide grade cards, schedules, attendance records, transcripts, and student files for each student. The School did not provide supporting documentation for student full-time equivalents reported to the Ohio Department of Education (ODE); the full-time equivalencies are used by ODE to calculate the School's State Foundation Settlement payment amounts.

Failure to maintain supporting documentation can result in posting errors of financial activity and questions regarding funding received. In order to provide complete and accurate financial statements; as well as, audit documentation, we recommend the School maintain all records regarding financial activity for the School.

#### Officials' Response:

We did not receive a response from Officials to this finding.

### FINDING NUMBER 2009-006

#### Material Noncompliance

##### Board Minutes

When read together, Ohio Rev. Code, Sections 121.22 and 149.43, imposed a duty on the school to maintain a full and accurate record of their proceedings. See, White v. Clinton Cty. Bd. Of Commrs., 76

Ohio St.3d 416 (1996). Minutes of meetings must be promptly recorded and open for public inspection. State, ex rel. The Fairfield Leader v. Ricketts, 56 Ohio St.3d 97 (1990).  
The Board minutes for the audit period were not presented for review.

#### Officials' Response:

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2009-007**

**Material Noncompliance/Material Weakness**

**Financial Statements**

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.

**Ohio Admin. Code, Section 117-2-02(A)**, requires public offices to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The School did not provide accounting records which were sufficient evidence to support the completeness of the Assets, Liabilities, and beginning and ending Net Assets, Revenues, Expenses, Cash Flows and Disclosures as presented on the financial statements of the School.

**Ohio Revised Code, Section 117.38**, provides that each public office shall file a financial report for each fiscal year. 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. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of **Ohio Revised Code, Section 117.38**. Ohio Administrative Code, Section 117-2-03, states, in part, that all community schools shall file annual financial reports which are prepared using generally accepted accounting principles (GAAP). Also, entities must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The School did not file an annual report with the Auditor of State, publish notice in a local newspaper stating the report was available for inspection. Failure to file an annual report with the Auditor of State can result in penalties to the School. Failure to publish notice in the newspaper stating the annual report is available for inspection can result in the public being unaware of the financial operations of the School.

**Officials' Response:**

We did not receive a response from Officials to this finding.



**INTERNATIONAL COLLEGE PREPARATORY ACADEMY  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Finding for Recovery, no support for expenditures.	Yes	Repaid
2008-002	Ohio Revised Code Sec. 5705.391(A) requires School boards to prepare 5 year projections. No projection was prepared.	No	Reissued as Finding 2009-002
2008-003	Ohio Admin. Code Sections 117-2-02(D) and (E) states that all local public offices may maintain accounting records in a manual or computerized format. Accounting records not maintained.	No	Reissued as Finding 2009-003
2008-004	Ohio Revised Code Sec. 149.43 states public records will be available for inspection and copying. Accounting records not available to Auditors.	No	Reissued as Finding 2009-004
2008-005	Ohio Revised Code Sec. 149.351, provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed.	No	Reissued as Finding 2009-005
2008-006	When read together, Ohio Rev. Code, Sections 121.22 and 149.43, imposed a duty on the school to maintain a full and accurate record of their proceedings. Board minutes not maintained.	No	Reissued as Finding 2009-006
2008-007	Ohio Admin. Code, Section 117-2-02(A), requires public offices to maintain an accounting system and accounting records. Sufficient records not maintained. Ohio Revised Code, Section 117.38, provides that each public office shall file a financial report for each fiscal year. No report filed for year under audit.	No	Reissued as Finding 2009-007

2008-008	OMB Circular A-133 Section 300(e) provides guidance that audit reports should be submitted to the appropriate government officials and organizations. OMB Circular A-133 Section 320(a) further provides that the audit report and data collection form must be submitted to Federal Audit Clearinghouse. Reports were not submitted.	Not Applicable	Finding No Longer Valid, Not Subject to Single Audit
2008-009	OMB Circular No. A-133 Section .310(b) states that a schedule of federal awards receipts and expenditures be prepared. The School did not prepare a schedule of federal awards receipts and expenditures for the audit period.	Not Applicable	Finding No Longer Valid, Not Subject to Single Audit
2008-010	During our engagement to audit the financial records of the School, we were unable to determine if the School complied with the requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, <i>Compliance Supplement</i> . The School did not provide documentation to enable a review of the compliance with the circular for grants from the U.S. Department of Agriculture.	Not Applicable	Finding No Longer Valid, Not Subject to Single Audit
2008-011	During our engagement to audit the financial records of the School, we were unable to determine if the School complied with the requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, <i>Compliance Supplement</i> . The School did not provide documentation to enable a review of the compliance with the circular for grants from the U.S. Department of Education.	Not Applicable	Finding No Longer Valid, Not Subject to Single Audit



# Dave Yost • Auditor of State

INTERNATIONAL COLLEGE PREPARATORY ACADEMY

HAMILTON 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  
APRIL 2, 2013