



Mary Taylor, CPA
Auditor of State

**CINCINNATI ACADEMY OF EXCELLENCE
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

ERCO Sponsor for Academy
Hamilton County
11260 Chester Rd. Suite 230
Cincinnati, Ohio 45246

To the Board of Directors:

We were engaged to audit the accompanying financial statement of Cincinnati Academy of Excellence, Hamilton County, Ohio (the Academy), formerly known as AB Miree Fundamental Academy, as of and for the period July 1, 2008 through May 6, 2009. These financial statements are the responsibility of the Academy's management.

Auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards* require us to obtain written representations from management as part of our audit. Management has not provided the Auditor of State written representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the Academy's accounting basis; the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility for the Academy's compliance with laws and regulations; the identification and disclosure to the Auditor of State of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, and compliance with any debt covenants.

The Academy failed to prepare financial statements for the period of time covered by the engagement. Governmental Accounting Standards Board (GASB) Statements provides the minimum requirements for external financial reporting, which include the Management Discussion and Analysis (MD&A), the financial statements including the Statement of Net Assets, the Statement of Revenues, Expenditures, and Changes in Net Assets, and if required the Statement of Cash Flows, and the Notes of the Financial Statements.

The Academy did not maintain supporting documentation for student full-time equivalencies reported to the Ohio Department of Education (ODE); the full-time equivalencies are used by ODE to calculate the Academy's State Foundation Settlement payments for the amounts shown as Foundation Payment revenue of \$690,909 on the Academy's Statement of Revenues, Expenses, and Changes in Net Assets.

The Academy did not provide sufficient evidence to support the completeness and accuracy of expenses and we were unable to gain these assurances through other audit procedures.

The Academy ceased operations and was officially dissolved on May 6, 2009.

Due to the significance of the matters discussed in the preceding paragraphs, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of Cincinnati Academy of Excellence, Hamilton County, Ohio for the period July 1, 2008 through May 6, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2010, on our consideration of the Academy'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.

Generally accepted accounting principles also requires the School to include Management's Discussion and Analysis for the period July 1, 2008 through May 6, 2009. The School has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

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Mary Taylor, CPA
Auditor of State

October 19, 2010

CINCINNATI ACADEMY OF EXCELLENCE
HAMILTON COUNTY

STATEMENT OF CASH BANK BALANCE
FOR THE PERIOD JULY 1, 2008 THROUGH MAY 6, 2009

	<u>Amount</u>
Cash Bank Balance July 1, 2008	<u>\$140,029</u>
Cash Bank Balance May 6, 2009	<u>\$2,436</u>

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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*

Education Resources Consultants of Ohio, Inc.
Hamilton County
11260 Chester Rd. Suite 230
Cincinnati, Ohio 45246

To the Sponsor:

We were engaged to audit the basic financial statements of Cincinnati Academy of Excellence, Hamilton County, Ohio (the Academy), formerly known as AB Miree Fundamental Academy, for the for the period July 1, 2008 through May 6, 2009, and have issued our report thereon dated October 19, 2010 in which we disclaimed an opinion upon the financial statements because we were unable to obtain written representations; the Academy failed to prepare financial statements, including the required Statement of Net Assets, Statement of Revenues, Expenditures, and Changes in Net Assets, Statement of Cash Flows and the note disclosures required by Generally Accepted Accounting Principles; evidence regarding the accuracy of the Academy's Foundation Payment revenue of \$690,909 was not provided; evidence was not provided to support the completeness and accuracy of expenses. In addition, the Academy ceased operations on May 6, 2009. Therefore, we did not express an opinion on the basic financial statements.

Internal Control Over Financial Reporting

In planning and performing our testing, we considered the Academy'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 Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy'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.

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 2009-001, 2009-002, and 2009-005 through 2009-007 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Academy'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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-005, 2009-008 and 2009-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated October 19, 2010.

We intend this report solely for the information and use of management, the Board of Directors, the Community School's sponsor, and others within the Academy. We intend it for no one 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

October 19, 2010

**CINCINNATI ACADEMY OF EXCELLENCE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD JULY 1, 2008 THROUGH MAY 6, 2009**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2009-001

Noncompliance/Material Weakness

Ohio Rev. Code, Section 3314.03(A)(11)(d), requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code.

Ohio Rev. Code, Section 149.43(B), states, in part, that all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

In addition, **Ohio Rev. Code, Section 3314.03(A)(8)**, requires that each contract entered into between a sponsor and the governing authority of a community school shall require the school to maintain financial records in the same manner as all public school districts in the State of Ohio.

- Cincinnati Academy of Excellence (the Academy) did not maintain proper supporting documentation for all expenditures. After numerous requests, detailed invoices were not provided for the period of July 1, 2008 through May 6, 2009 for 40 purchases (seven percent) totaling \$100,513 and no documentation was provided for 12 disbursements (two percent) totaling \$15,495. We applied alternate audit procedures to determine if these expenditures were for a proper public purpose and other than the expenditures we are questioning in finding 2009-003, the expenditures were deemed to be for proper public purposes.
- Nine transactions totaling \$7,520 were recorded on the Academy's general ledger but no documentation was provided to support their existence. In addition, these checks did not clear bank. The Academy did not provide sufficient evidence to determine if these transactions were for proper public purposes, if they were posted correctly or if they should have been posted at all.
 - Five transactions posted to the general ledger reduced expenses totaling \$7,022
 - Four were expenses posted to the general ledger totaling \$498 that were for a bank fee, two payroll fees and a check issued to Duke Energy
- No invoices were provided for audit to support the close-out activity that occurred after May 6, 2009.
- Approved employment contracts were unavailable for 29 out of 41 (71 percent) employees for the audit period. There was no documentation provided that indicated salary rates of the employees of the Academy, therefore we were unable to substantiate if employees were paid the correct amounts during the audit period or if the liability accrued at May 6, 2009 was accurate.
- Signed payroll timesheets were unavailable for the period of July 1, 2008 through August 31, 2008.
- Other employee information, i.e. retirement enrollment, income tax withholding forms, insurance enrollment forms, etc. were not provided for six employees of the Academy.
- No leave records were provided for the audit period.

**FINDING NUMBER 2009-001
(Continued)**

Financial Records

There were significant delays in receiving requested records. Records presented for audit were disorganized and incomplete. In several cases, the information requested was never located by management or received by the auditors. The lack of organized and complete accounting records decreased the Academy's ability to monitor its financial position.

Due to these weaknesses and without complete evidential matter we were unable to gain assurance over the completeness, existence, accuracy, or rights of the Academy's non-payroll and payroll expenses, and related transactions which contributed to the issuance of a disclaimed financial statement opinion.

FINDING NUMBER 2009-002

Noncompliance/Material Weakness

Ohio Rev. Code, Section 3314.17(C), states that each fiscal officer appointed under section 3314.011 of the Revised Code is responsible for annually reporting the community school's data under section 3301.0714 of the Revised Code. Ohio Rev. Code Section 3301.0714(B)(1)(c)-(l) & (n) require the following data must be reported to the Ohio Department of Education:

- Average student grades in each subject in grades nine through twelve
- Academic achievement levels as assessed by the testing of student achievement
- The number of students designated as having a disabling condition
- The numbers of students reported to the state board pursuant to Ohio Rev. Code Section 3301.0711(C)(2)
- Attendance rates and the average daily attendance for the year
- Expulsion, Suspension, Graduation and Dropout rates
- The percentage of students receiving corporal punishment
- Rates of retention in grade

The Treasurer was responsible for ensuring the aforementioned student information was reported to the Ohio Department of Education's (ODE's) Community School Average Daily Membership (CSADM) and Education Management Information System (EMIS) databases. For the period July 1, 2008 through May 6, 2009, the Cincinnati Academy of Excellence failed to maintain attendance records and withdrawal forms for all students.

Because of the lack of documentation, we were unable to ascertain the following:

- An accurate average daily membership count, no attendance records were provided for audit.
- The withdrawal dates of students, no withdrawal forms were provided for audit.

Since most State and Federal grants and entitlements are based on student attendance and socioeconomic status of students, the accuracy of funding received could not be ascertained. For the Academy this resulted in \$690,909 of 2009 foundation receipts, which could not be verified that resulted in a disclaimer of opinion.

**FINDING NUMBER 2009-002
 (Continued)**

We recommend the Academy develop procedures to properly document the number of student attendance and properly input the amounts into the CSADM and EMIS databases. In addition, the Academy should train employees on the procedures and monitor the process regularly.

This matter will be referred to the Ohio Department of Education.

FINDING NUMBER 2009-003

Finding For Recovery

Ohio Rev. Code, Section 3314.03(A)(11)(d), requires that each contract entered between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Revised Code.

Ohio Rev. Code, Section 149.43, states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

Ohio Attorney General Opinion 82-006 addressed the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case *States ex rel. McClure v. Hagerman, 155 Ohio St. 329 (1951)*, states that expenditures made by a governmental unit must serve a proper public purpose.

During the FY 2009 audit during our review of expenditures for Cincinnati Academy of Excellence we noted five checks totaling \$2,000 were issued at the request of Former Director MC Adams and Former Consultant/Financial Advisor Kevin Costa for petty cash. However, there were no detailed invoices or receipts provided to support these expenditures as follows:

Check Number	Check Date	Payee	Amount
1333	08/15/08	MC Adams, Jr.	\$300
1397	09/02/08	MC Adams, Jr.	300
1466	09/29/08	MC Adams, Jr.	600
1452	10/17/08	MC Adams, Jr.	200
1629	01/12/09	Kevin Costa	600
Total			\$2,000

Without appropriate documentation, it is not possible to determine if the expenditures were made for proper public purposes.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against MC Adams, Director in the amount of \$1,400, and against Kevin Costa, Consultant/Financial Advisory, in the amount of \$600, in favor of the Cincinnati Academy of Excellence.

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 liable for the amount of the expenditure. *Seward v. National Surety Corp.* (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 liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen 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.

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

Additionally, because former Consultant/Financial Advisor Kevin Costa signed or authorized the payments, he is jointly and severally liable in the amount of \$1,400, in favor of the Cincinnati Academy of Excellence. Kevin Costa shall be jointly and severally liable for such illegal expenditures to the extent that recovery or restitution is not obtained from MC Adams.

FINDING NUMBER 2009-004

Noncompliance

26 U.S.C. Section 6652(c)(1)(A) provides that, in the case of an organization having gross receipts exceeding \$1,000,000 for any year, a penalty of \$100 a day, not to exceed \$50,000 may be charged when an annual return for an exempt organization is filed late. The penalty begins on the due date for filing Form 990 or 990-EZ. The annual return must be filed by the 15th day of the fifth month after the end of the annual accounting period.

26 C.F.R. Section 1.6041-2 provides that wages, as defined in 26 U.S.C. Section 3401, paid to an employee are to be reported on Form W-2. This section also provides that all other payments of compensation, including certain taxable fringe benefits, are to be reported on Form W-2, if the aggregate compensation, that is, wages and other compensation, exceed \$600.

26 C.F.R. Section 1.61-21 generally requires fringe benefits be included in an employee's gross income. IRS Publication 15-B explains that cash and cash equivalent fringe benefits, including gift cards, no matter how little, are never excludable as a de minimis benefit.

26 C.F.R. 1.6041-1 requires 1099s to be issued to independent contractors (other than corporations) receiving \$600 or more during a year.

- The Academy's records provided for audit indicated they had 49 independent contractor contracts valued at approximately \$394,186 and Form 1099-Misc was not provided for any of the 49 contracts for the period July 1, 2008 through May 6, 2009.
- Form 990 was not provided to demonstrate the annual required filing with the Internal Revenue Service.
- The Academy issued three checks totaling \$1,540 in November and December 2008 to purchase gifts for staff and the explanation provided indicated at least one of the checks totaling \$850 was for gift cards.

Failure to comply with these requirements can cause the Academy to incur penalties and interest with the Internal Revenue Service. We recommend that all applicable forms be accurately and timely filed with the Internal Revenue Service, and that W-2 forms properly reflect actual amounts paid and all other taxable fringe benefits.

This will be referred to the Internal Revenue Service.

FINDING NUMBER 2009-005

Noncompliance/Material Weakness

2 C.F.R. 225 Appendix A (E)(1) and (2) set the guidelines for determining if a direct cost is considered to be allowable per the federal program. These guidelines state:

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to Federal awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

2 C.F.R. 225 Appendix A (C)(1)(j) provides “to be allowable under Federal awards, cost must meet the following general criteria:...be adequately documented.”

The Academy is required to identify all expenditures that are specifically for the performance of Title I, Title II-A, Safe and Drug Free IV-A, and all other federal program funds and determine if the expenditures are allowable per 2 C.F.R. 225 Appendix A before expending money from Title I, Title II-A, Safe and Drug Free IV-A, and all other federal program funds. Failure to properly identify allowable costs to the federal programs may lead to monies having to be paid back to the federal program and/or having monies withheld from the federal program in the future.

The Academy charged purchases to the Title I, Title II-A, and Safe and Drug Free IV-A federal programs in the amounts of \$10,233, \$1,914 and \$1,210, respectively. The Academy did not provide supporting documentation to determine if these expenses were allowable for the performance of Title I, Title II-A, and the Safe and Drug Free IV-A federal programs and the information made available for audit did not provide evidence to verify the expenditures were specifically incurred to carry out the grant. As a result of the lack of detailed records to support the expenses paid from the Title I, Title II-A, and Safe and Drug Free IV-A programs we were unable to determine if the federal grant money was expended for costs considered allowable under federal requirements.

We recommend the Academy follow the requirements of 2 C.F.R. 225 Appendix A to determine which expenditures are considered to be allowable to be used from federal funds. By following 2 C.F.R. 225 Appendix A, the Academy can ensure federal funds are being expended properly, and this will reduce the possibility of the Academy having to pay back federal funds and/or having federal funds withheld in future years.

Had this been a federal Single Audit the amounts mentioned above could have been questioned costs.

FINDING NUMBER 2009-006

Material Weakness

Governmental Accounting Standards Board, Financial Reporting Codification Standards, (GASB Codification) Section 2200.102 provides the minimum requirements for general purpose external financial reporting as follows:

- Management's Discussion and Analysis;
- Basic financial statements which include;
 - Government-wide financial statements:
 - Statement of Net Assets;
 - Statement of Revenues, Expenditures, and Changes in Net Assets; and
 - Statement of Cash Flows.
 - Notes to the financial statements
- Required supplementary information other than MD&A

The Academy failed to prepare financial statements for the period of time covered by this engagement. These financial statements were required to be prepared in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34 to be in conformity with Accounting Principles Generally Accepted in the United States of America.

It is vital that the Academy develop and present financial statements which are comprised of all required financial statements and disclosures. Without properly prepared financial statements, the users of the financial statement, including the Board and parents could reach improper conclusions concerning the Academy. We recommend the sponsor of the Academy monitor the preparation of the financial statements more closely to ensure proper and timely financial reporting.

FINDING NUMBER 2009-007

Material Weakness

Governmental Accounting Standards Board, Financial Reporting Codification Standards, (GASB 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:

- Summary of significant accounting policies;
- Required disclosures about capital assets;
- Cash deposits with financial institutions;
- Investment;

**FINDING NUMBER 2009-007
(Continued)**

- Commitments under non-capitalized (operating) leases;
- Debt service requirements to maturity;
- Significant contingent liabilities;
- Significant effects of subsequent events;
- Annual other postemployment benefit (OPEB) cost and net OPEB obligations;
- Annual pension costs and net pension obligations;
- Significant violations of finance-related legal or contractual provisions and actions taken to address such violations;
- Construction and other significant commitments;
- Required disclosures about long-term liabilities;
- Deficit fund balance or net assets of individual nonmajor funds; and
- Interfund balances and transfers

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

It is vital that the Academy present financial statements including 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 2009-008

Noncompliance

Ohio Rev. 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 Rev. Code Section 117.38. 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 Academy did not prepare annual financial statements and therefore did not file their fiscal year 2009 annual report with the Auditor of State or 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. We recommend the School file their annual report and publish notice in the newspaper that their annual report is available for inspection.

FINDING NUMBER 2009-009

Noncompliance

Ohio Rev. Code, Section 3314.074, establishes the order of the distribution of assets when a community school permanently closes and ceases operations. In addition, **Ohio Rev. Code, Section 3314.015(E)**, provides that the Ohio Department of Education (ODE) shall adopt procedures for use by a community school governing authority and sponsor when the school closes.

Pursuant to the Ohio Department of Education's "*Community School Closing Procedures Guidance*" the following required actions for when a community school closes were not completed or not completed in the designated time period:

- Notifying ODE that the school is closing and send the Board's resolution or sponsor notice within 24 hours of the action.

The Board passed the resolution to cease operations at an emergency meeting on April 22, 2009 but did not notify ODE until May 6, 2009.

- Notify the Ohio State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

The Academy did not notify either of the retirement systems.

- Notify the school's staff of the decision to close the school.

1. Provide a clear written timeline of the closing process.

The Academy did not notify staff about the closure until after the school was closed and a written timeline for the closure process was not created.

- Notify resident districts and other stakeholders including districts providing transportation and parents of the decision to close the school:
 - a. Send notifications 30 days prior to planned closures.
 - b. Send notifications immediately for emergency closures.
 - c. Notify county courts for court-placed students.

The Academy did not provide notifications of the closure until May 7, 2009, after the school had closed.

- Review and prepare itemized financials.

The Academy did not prepare financial statements and notes to the financial statements as in Findings 2009-006 and 2009-007, nor did the Academy provide complete information to support the financial activity occurring after the May 6, 2009 closure.

The Academy did not comply with the following close out requirements for disposing of assets:

- Account for all school property throughout the closing process by distinguishing state from federal dollars.
- Establish a check off list of purchasers with proper USAS codes, the price of each item, and identify the source of funds.

**FINDING NUMBER 2009-009
(Continued)**

- Follow EDGAR liquidation procedures in 34 CFR 80.32 for federal Title and other consolidated and competitive funds for items valued at \$5,000 or more.
- Refund auction proceeds with correct federal and state programs codes listed to the appropriate program with checks payable to , "Treasurer, State of Ohio".
- Return to eTech (formerly Ohio SchoolNet) hardware and software to be redistributed per statutory requirements to other schools.

The School should have followed the required procedures from ODE for the closure of the school.

This matter will be referred to the Ohio Department of Education.

We did not receive a response from officials to the findings reported above.

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**CINCINNATI ACADEMY OF EXCELLENCE
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE PERIOD JULY 1, 2008 THROUGH MAY 6, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Destruction of records	No	Reissued as 2009-001
2008-002	Attendance records	No	Reissued as 2009-002
2008-003	Finding for recovery	No	Reissued as 2009-003
2008-004	Issuance of 1099's and filing 990	No	Reissued as 2009-004
2008-005	Teacher licenses	Yes	
2008-006	Allowable costs	No	Reissued as 2009-005
2008-007	Lack of required disclosures	No	Reissued as 2009-007

Note: The report that contained the findings above for the year ended June 30, 2008 was issued at the same time as this report. Therefore, many of the comments could not be addressed prior to the issuance of this report.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati Academy of Excellence
c/o ERCO Sponsor for Academy
Hamilton County
11260 Chester Rd. Suite 230
Cincinnati, Ohio 45246

To the Board of Directors:

Ohio Rev. Code, Section 117.53, states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Cincinnati Academy of Excellence (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board did not adopt an anti-harassment policy.
2. Due to the lack of a policy, the following requirements from Ohio Rev. Code Section 3313.666(B) were not met:
 - (1) The policy did not contain a statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) The policy did not contain a definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) The policy did not contain a procedure for reporting prohibited incidents;
 - (4) The policy did not contain a requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) The policy did not contain a requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) The policy did not contain a procedure for documenting any prohibited incident that is reported;
- (7) The policy did not contain a procedure for responding to and investigating any reported incident;
- (8) The policy did not contain a strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) The policy did not contain a disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Mary Taylor, CPA
Auditor of State

October 19, 2010



Mary Taylor, CPA
Auditor of State

CINCINNATI ACADEMY OF EXCELLENCE

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
NOVEMBER 9, 2010**