



Dave Yost • Auditor of State

RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY

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INDEPENDENT ACCOUNTANT'S REPORT

RSM US LLP
School Employees Retirement System
1001 Lakeside Avenue E, Suite 200
Cleveland, Ohio 44114

We were engaged to examine the Richard Allen Academy Community School's management's assertion that the census data and pensionable wages reported to the School Employees Retirement System as of June 30, 2015, and for the year then ended was accurate and complete.

Management asserts that:

- The census data provided to the School Employees Retirement System as of June 30, 2015 is accurate and complete. Census data includes
 - First and Last Name;
 - Last four digits of the social security number;
 - Gender;
 - Date of Birth;
 - Contributions remitted to the plan;
 - Pensionable Compensation;
- The census data provided to the School Employees Retirement System as of June 30, 2015 included all enrolled employees.
- Census data changes occurring during the year ended June 30, 2015 to an enrolled employee's eligible compensation, were properly updated with the School Employees Retirement System
- All employees required to be enrolled in the School Employees Retirement System were properly enrolled.
- The total pensionable wages and employee contributions information reported to the School Employees Retirement System agrees with the payroll records of the employer.

The School's Management Company did not provide us with a total payroll listing for all employees or the Management Company's general ledger. As a result, we were unable to verify the completeness of census data or verify that appropriate amounts were remitted to the School Employees Retirement System. Additionally, the School's management declined to provide written representations related to the census data.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the census data and pensionable wages reported to the School Employees' Retirement System as of June 30, 2015, and for the year then ended was accurate and complete.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the accuracy and completeness of the census data and pensionable wages; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. Our examination was not for the purpose of expressing an opinion on the internal control over the accuracy and completeness of the census data provided to the pension system, or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under Government Auditing Standards and the finding, along with the view of responsible officials, is described in the attached Schedule of Findings.

This report is intended solely for the information and use of Richard Allen Academy Community School's management, those charged with governance, and School Employees Retirement System and RSM US LLP 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 "Dave Yost". The signature is written in a cursive style with a large, looped "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 6, 2016

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

FINDING NUMBER 2015-001

Material Weakness

During 2015, the Richard Allen Academy Community School was selected by School Employees Retirement Systems' (SERS) auditors as one of the schools in the State of Ohio for census data testing. The results of the testing are used by the SERS auditors to gain assurance that the data reported by employers across the state was complete and accurate to allow SERS to correctly calculate its net pension liability and the proportionate share for each employer contributing to the retirement system.

The School's Management Company did not provide auditors with a total payroll listing for all employees or the Management Company's general ledger. This resulted in a scope limitation and inability of the School's auditors to prove an opinion on the accuracy and completeness of School's census data.

The School's Board should review and revisit the management company contract to verify that the Management Company is accountable for complying with all required federal and state requirements. Failure to do so could result in modification of School's opinion, additional audit cost and actions by the retirement systems against the School.

Management's Response: The School maintains that it has fully provided sufficient documentation to allow the auditors to conduct the audit for which they were engaged. Specifically, the School has provided relevant documentation to the auditors including, but not limited to a total payroll listing.

With regards to the Management Company's general ledger, the Management Company asserts that it is a private entity not subject to the State's public records laws and that the ledger constitutes proprietary information which it wishes to protect from disclosure.

The Agreement between the Schools requires the management company to comply with all state and federal laws. We believe that the management company has done so both with regard to SERS contribution requirements and its requirements pursuant to the audit engagement.

Auditor's Conclusion: The Management Company's general ledger and payroll listing was required in order for the Auditor of State to verify the completeness of census data and verify that appropriate amounts were remitted to the School Employees Retirement System, Numerous requests for the general ledger and payroll listings were made to the School and Management Company between September 18, 2015 and report date of January 6, 2016. However, the Management Company did not provide the auditors with complete fiscal year reports in order for the Auditor of State to base its opinion on the attestation engagement, thus resulting in a scope limitation/ disclaimer of an opinion and corresponding finding number 2015-001.

Ohio Rev. Code §3314.024 requires community school management companies that receive more than 20 percent of the annual gross revenues of the school to provide a detail accounting including the nature and cost of the services it provides to the community school. Auditor of State requested financial and payroll information related to Richard Allen Academy Community School only. Annually, the School's Management Company provides similar information to an independent auditor for agreed upon procedures that are performed in accordance with Auditor of State Bulletin 2004-009 to meet the requirements of Ohio Rev. Code §3314.024.

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RICHARD ALLEN ACADEMY COMMUNITY SCHOOL - SERS

MONTGOMERY 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
FEBRUARY 4, 2016**