Dave Yost • Auditor of State

MANAGEMENT LETTER

Theodore Roosevelt Public Community School
Hamilton County
1550 Tremont Street
Cincinnati, OH 45214

To the Board of Trustees:

We have audited the financial statements of Theodore Roosevelt Public Community School, Hamilton County, Ohio (the School), in accordance with *Government Auditing Standards*, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 28, 2012.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated March 28, 2012, for the year ended June 30, 2011.

Office of Management and Budget Circular A-133 requires that we report all material (and certain immaterial) instances of noncompliance, significant deficiencies, and material weaknesses in internal control related to major federal financial assistance programs. We have issued the required report dated March 28, 2012, for the year ended June 30, 2011.

We are also submitting the following comments for your consideration regarding the School's compliance with applicable laws, regulations, grant agreements, contract provisions and internal controls. These comments reflect matters that do not require inclusion in the reports *Government Auditing Standards* or Office of Management and Budget Circular A-133 require. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your government. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Compliance

34 CFR 80.20 and 34 CFR 80.21 [As required by the Cash Management Improvement Act (codified as 31 CFR part 205 and 34 CFR 80.20 and 80.21)] require that cash advances are limited to the immediate cash needs of the requesting entity. By submitting a cash request to the Ohio Department of Education (ODE), the Entity certifies that the request is in compliance with the Cash Management Improvement Act and 34 CFR 80.20 and 80.21 and will be disbursed in the month for which funds were requested. For cash requests submitted in July, August or September the entity certifies that the underlying obligations were made prior to June 30. Additionally, by submitting the cash request, the entity certifies that the obligations incurred under the project, for which funds are requested, were made within the period of availability outlined in the grant agreement.

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Compliance
(Continued)

34 CFR 80.20 and 34 CFR 80.21 (Continued)

Draw downs must be made as close to the timing of making disbursements as possible. The School received advance payments of funds for the Charter School Program from ODE via the Project Cash Requests (PCR.)

Two of the nine receipts received for the Charter School Program in fiscal year 2011 were not substantially spent until 54 and 90 days had passed, respectively.

RECOMMENDATIONS

1. Prior Certification of Funds Prior to Obligation by the School

The School has a policy included in the Theodore Roosevelt Public Community School Policy Manual at Section 6421 states, in part, that all purchases that are within the appropriation limits and are authorized within the appropriation budget may be made upon authorization of the Superintendent. Before the Superintendent places a purchase order, the Treasurer shall inform the Superintendent whether the proposed purchase is subject to bid, and certify that sufficient funds exist in the budget. The Policy requires that upon the placement of a purchase order, the Treasurer shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations and that no purchase of supplies shall be allowed without a properly signed purchase order. Employees shall be held personally responsible for anything purchased without a properly signed purchase order.

Although Community Schools are not mandated to budget, appropriate, encumber, use purchase orders or obtain the fiscal officer's certification for expenditures, Auditor of State Bulletin 2008-003 indicates that the Auditor of State strongly recommends that Community School's implement all of these procedures and establish appropriate internal controls.

The School did not certify 15 of 40 (37.5%) expenditures tested prior to the commitment of funds. The School did not certify 2 of 5 (40.0%) of outstanding obligations tested as of June 30, 2011 prior to the commitment of funds.

Failure to certify funds prior to commitment could lead to negative fund balances.

We recommend that the School implement procedures to provide for the timely certification of funds.

2. Formal Board Approval of School Policies

Management of the School prepared a comprehensive School Policy Manual for the School that is being utilized in the administration of School activities.

We recommend that the School's Board of Trustees review and approve in the minutes all of the School's Policies in order to provide the School's Administration with clear direction of the Board's intentions regarding the implementation of applicable School Policies.

We intend this report for the information and use of management, the Board of Trustees, and the School's sponsor.

Dave Yost
Auditor of State

March 28, 2012