



**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

FINAL AUDIT

FOR THE PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014

FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

First Time Learners Academy
Franklin County
North Central Ohio Educational Service Center, Sponsor
928 W. Market Street
Tiffin, Ohio 44883

To the Sponsor:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balance, receipts and disbursements and related notes of First Time Learners Academy, Franklin County, Ohio (the School), as of and for the period of July 1, 2013 to March 11, 2014.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Adverse Opinion

As described in Note 1 of the financial statement, the School prepared this financial statement using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Administrative Code Section 117-2-03(B) requires this statement to follow accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of First Time Learners Academy, Franklin County, Ohio, for the period of July 1, 2013 to March 11, 2014, and the respective change in financial position or cash flows thereof for the period then ended.

Basis for Qualified Opinion on Salaries and Benefits

Salaries and benefits are reported at \$58,862, which are 24 percent of total cash disbursements for the period of July 1, 2013 to March 11, 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amount recorded as salaries and benefits. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Salaries and Benefits* paragraph, the financial statement referred to above presents fairly, in all material respects, the cash balance, receipts and disbursements, and related notes of First Time Learners Academy, Franklin County, Ohio, for the period of July 1, 2013 to March 11, 2014, and for the period then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinions.

Emphasis of Matter

As discussed in Note 6 to the financial statement, the Sponsor suspended operations of the School effective December 6, 2013 and closed the School on September 30, 2014. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2019

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**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balance
for the Period July 1, 2013 through March 11, 2014**

Operating Cash Receipts:

State Foundation	\$ 217,302.78
State - Other grants	6,076.25
Miscellaneous local revenue	4,407.95
<i>Total Operating Cash Receipts</i>	<u>227,786.98</u>

Operating Cash Disbursements:

Salaries	55,823.77
Benefits	3,038.28
Purchased Services	130,288.48
Materials	31,241.41
Other Disbursements - Bank Charges	23,309.40
<i>Total Operating Cash Disbursements</i>	<u>243,701.34</u>

Operating Loss	<u>(15,914.36)</u>
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Non-Operating Cash Receipts:

State Grant	<u>19,806.14</u>
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Change in Fund Cash Balance	3,891.78
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Fund Cash Balance July 1	-
Fund Cash Balance March 11	<u>\$ 3,891.78</u>

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**First Time Learners Academy
Franklin County
Notes to the Financial Statement
For the Period July 1, 2013 through March 11, 2014**

1. Summary of Significant Accounting Policies

A. Description of the School

First Time Learners Academy, Franklin County, Ohio, (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any necessary services necessary for the operation of the School.

The School was approved for operation under contract with the North Central Ohio Educational Service Center (the Sponsor). The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The School paid the Sponsor \$3,157 in sponsorship fees during the period July 1, 2013 through March 11, 2014.

B. Accounting Basis

The financial statement follows the cash accounting basis. The School recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

C. Fund Accounting

The School uses fund accounting to segregate cash that is restricted as to use. The School classifies its fund into the following type:

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School.

2. Equity in Pooled Deposits

All monies received by the School are accounted for by the School's management. All cash received by the School is maintained in a separate bank account in the School's name. The School had a balance of \$3,891.78 at March 11, 2014.

**First Time Learners Academy
Franklin County
Notes to the Financial Statement
For the Period July 1, 2013 through March 11, 2014**

3. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the School contracted with Cincinnati Insurance Company for the Treasurer's bond in the amount of \$25,000.

4. Retirement Systems

The State Teachers Retirement System (STRS) and School Employees Retirement System (SERS) are cost sharing, multiple employer plans. The Ohio Revised Code prescribes the plans' retirement benefits including survivor and disability benefits but excluding postretirement healthcare.

The Ohio Revised Code also prescribes contribution rates for the systems. For the period July 1, 2013 to June 30, 2014 SERS and STRS members were required to contribute 10 percent and 11 percent of their wages, respectively, and employers were required to contribute an amount equal to 14 percent of participants' gross salaries.

The School did not provide documentation that all employees were enrolled in SERS or STRS as required, and did not provide evidence the required employee and employer contributions were paid.

5. Related Party Transactions

The School's sponsor, North Central Ohio Educational Service Center (NCOESC), provided administrative and employment services to the School. The School paid NCOESC \$85,523 for these services during the period July 1, 2013 to March 11, 2014.

6. Suspension and Closure

The Sponsor suspended operations of the School effective December 6, 2013 and closed the School on September 30, 2014.

7. Subsequent Events

a. Closeout Procedures

The School has followed the closing procedures prescribed by the Ohio Department of Education (ODE). These procedures included official notification to ODE, the students and the community of the School's decision to close and preparation of the financial statement.

The following required closing procedures were not completed by the School:

- Notify the Ohio State Teachers Retirement System and School Employees Retirement System of the School's closure.
- Ensure that STRS and SERS contributions are current.
- Clarify COBRA benefits and when medical benefits end.
- Copies of student records shall be provided by the school's Chief Administrative Officer to all resident districts within seven business days of closure of the school as defined in section 3314.44 of the revised code; original records shall be sent by the sponsor to resident districts upon completion of the final state audit. In the interim, sponsors retain original records until completion of the audit.

**First Time Learners Academy
Franklin County
Notes to the Financial Statement
For the Period July 1, 2013 through March 11, 2014**

- Special education records shall be provided directly to receiving school special education administrators for all students with disabilities, particularly for students with physical needs or low incidence disabilities.

These matters will be referred to the Ohio Department of Education.

b. Subsequent Receipt and Disbursement Transactions

As of March 11, 2014, the School had a cash balance of \$3,891.78. The following is a schedule of all cash transactions which occurred subsequent to March 11, 2014 through the final closing of the School's checking account:

<u>Date</u>	<u>Explanation</u>	
		\$ 3,891.78
3/12/2014	Phone bill	\$ (220.36)
4/7/2014	Phone bill	\$ (238.48)
4/28/2014	School cleaning	\$ (680.00)
5/7/2014	Phone bill	\$ (238.58)
5/27/2014	Unsupported**	\$ (806.25)
6/5/2014	Phone bill	\$ (238.53)
7/7/2014	Phone bill	\$ (238.53)
7/31/2014	Closing withdrawal*	<u>\$ (1,231.05)</u>
		<u>\$ -</u>

* Final withdrawal of \$1,231.05 is being held by the Sponsor for completion of remaining closeout procedures.

** Electronic debit/withdrawal to an unknown vendor.

8. Contingency – Foundation Funding

The Ohio Department of Education (ODE) conducts a review of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State upon which State foundation funding is calculated. As a result of ODE's review which was finalized in November 2014, the Sponsor was notified the School received \$240,419.20 in State foundation funding. However, based on the reconciled student data reported by the School, the School was only entitled to receive \$232,683.79, resulting in an amount owed back to the State of \$7,735.41.

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OHIO AUDITOR OF STATE KEITH FABER



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

First Time Learners Academy
Franklin County
North Central Ohio Educational Service Center, Sponsor
928 W. Market Street
Tiffin, Ohio 44883

To the Sponsor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statement of the First Time Learners Academy, Franklin County, (the School) as of and for the period of July 1, 2013 to March 11, 2014, and the related notes to the financial statement and have issued our report thereon dated January 14, 2019, wherein we issued an adverse opinion on the School's financial statement because the School did not follow accounting principles generally accepted in the United States of America as required by Ohio Administrative Code Section 117-2-03. We qualified our opinion as we were unable to obtain sufficient appropriate audit evidence supporting the amount recorded as salaries and benefits. We also noted the Sponsor suspended operations of the School effective December 6, 2013 and closed the School on September 30, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statement. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, that we consider material weaknesses. We consider findings 2014-001, 2014-003 and 2014-004 to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the School's financial statement is 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, opining 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 2014-002 through 2014-008.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2019

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness – Lack of Board Policies and Procedures / Segregation of Duties

Implementing required policies and internal control procedures is an important responsibility of management. Such policies and procedures should be formally approved by the Board of Directors. Management should also plan for adequate segregation of duties or compensating controls.

The School could not provide various Board-approved policies, including:

- Employee reimbursement policy
- Employee policy and procedures manual
- Purchasing policy
- Debit/credit card policy
- Proper public purpose policy
- Public records policy

Additionally, there was no evidence of management review and approval of expenditure transactions. This resulted in lack of support for debit card transactions and Findings for Recovery as noted in Finding Numbers 2014-003 and 2014-008. There was also no evidence of Board monitoring of financial activity of the School as noted in Finding Number 2014-004.

FINDING NUMBER 2014-002

Noncompliance – Financial Reporting Framework

Ohio Rev. Code § 3314.03(A)(8) provides that the contract between a sponsor and the governing authority of a community school shall require that a community school maintain its financial records in the same manner as school districts.

Ohio Rev. Code § 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 § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 117-2-03 (B) requires all community schools to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School prepared its financial statement in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statement and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. Failure to file in accordance with generally accepted accounting principles resulted in an adverse audit opinion.

Pursuant to Ohio Rev. Code § 117.38 the School may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School's ability to evaluate and monitor the overall financial condition of the School.

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2014-002 (continued)

Noncompliance – Financial Reporting Framework (continued)

To help provide the users with more meaningful financial statements, the School should prepare its annual financial statement according to generally accepted accounting principles.

FINDING NUMBER 2014-003

Material Weakness / Noncompliance – Destruction of Public Records

Maintaining proper supporting documentation for purchases is essential in assuring all expenditures are made for a proper public purpose and are consistent with the intentions of management.

Additionally, **Ohio Rev. Code § 149.351(A)** states 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. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated, or transferred unlawfully.

The School was unable to provide the following records requested for audit:

- Support for salary disbursements, including detailed payroll ledgers and employee contracts
- Proof of payroll withholding remittances (see Finding 2014-007)
- Support for certain debit card transactions
- Student attendance records (see Finding 2014-006)

Lack of supporting documentation for salary disbursements resulted in a qualified audit opinion. Lack of support for debit card transactions resulted in a \$1,727 Finding for Recovery issued against the School's former Director, Abdallah Kassim, during a separate Special Audit of the sponsor dated March 4, 2015.

FINDING NUMBER 2014-004

Material Weakness / Noncompliance – Board Meetings and Monitoring

Article 9(b) of the First Time Learners Academy Code of Regulations states "There shall be a minimum of five regular meetings of the Governing Authority each year, one of which shall be the annual meeting held on a date to be determined by the Governing Authority. Ordinarily, the Governing Authority will meet on the first Thursday of September, November, January, March and May. Additional and/or special meetings to transact the business of the school may be called by the President, the Secretary, or a majority of the Governing Authority members."

The Board of Directors should monitor the financial data of the School. Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the users' expectations. Effective monitoring controls should identify unexpected results or exceptions, investigate underlying causes, and take corrective action.

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2014-004 (continued)

Material Weakness / Noncompliance – Board Meetings and Monitoring (continued)

The School did not provide documentation, such as meeting minutes, that the Board of Directors held the required regular meetings. Additionally, there is no evidence the Board was provided financial reports to monitor receipts, disbursements, and cash reconciliations of the School.

FINDING NUMBER 2014-005

Noncompliance / Finding for Recovery – Foundation Overpayment

Ohio Rev. Code § 3314.08 provides the formula by which community schools are funded. Community Schools receive funding from the state through the per-pupil foundation allocation. Unlike city, local, exempted village and joint vocational school districts, community schools have no tax base from which to draw funds for buildings and investment in infrastructure.

A full-time student is one who attends the entire school day and entire school year; that will result with the student having a Full-Time Equivalence (FTE) of 1.00. Students who attend a community school for less than the entire year will have an FTE equal to the total days/hours attended divided by the number of days/hours in the school year. Community Schools are funded on a per-pupil FTE basis.

The School Options Enrollment System (SOES) is the EMIS subsystem that drives funding for community schools. It is a Web application administered by the Ohio Department of Education (ODE) and used by community schools and traditional public schools to enter and review data used to flow funds to community schools. Community school personnel enter data in the SOES system and traditional public school personnel review, verify or challenge that data.

Ohio Rev. Code § 3313.64(J) states that the treasurer of each school district shall, by the fifteenth day of January and July, furnish the superintendent of public instruction a report listing the names of each child in the permanent or legal custody of a government agency or person other than the child's parent and each child who resides in a home, who attended the district's schools during the preceding six calendar months. For each child, the report shall state the duration of attendance of that child, the school district responsible for tuition on behalf of the child, and any other information that the superintendent requires. Upon receipt of this report, the superintendent shall deduct each district's tuition obligations and pay to the district of attendance that amount plus any amount required to be paid by the state.

In addition, **Ohio Rev. Code § 3314.08** requires the board of education of each school district to annually report the number of students entitled to attend school in the district that are actually enrolled in community schools. This section also requires the governing authority of each community school to annually report the number of students enrolled in the community school. For each student, the governing board of the community school must report the city, exempted village, or local school district in which the student is entitled to attend.

Based on these reported numbers, the Ohio Department of Education shall calculate and subtract the appropriate amount of state aid from each school district. The amount subtracted shall be paid to the corresponding community school or to the internet or computer-based community school entitled to receive those funds. When calculating and subtracting the appropriate amount of state aid, the department should take into consideration any enrollment of students in community schools for less than the equivalent of a full school year.

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2014-005 (continued)

Noncompliance / Finding for Recovery – Foundation Overpayment (continued)

Based on a FTE review for the 2013-2014 school year, the Ohio Department of Education (ODE) indicated the School over-reported student attendance which resulted in state foundation over-payments. Neither the School nor the former Director has repaid the Ohio Department of Education for the foundation overpayment. ODE has certified the amount of \$7,735.41 to the Ohio Attorney General's Office for collection.

ODE was able to determine the amount the School was overpaid while the School was open, but with the limited student attendance records that were presented for audit, we were unable to verify or audit the amount that was certified by ODE to the Ohio Attorney General's Office.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against First Time Learners Academy in the amount of \$7,735 in favor of the Ohio Department of Education.

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

FINDING NUMBER 2014-006

Noncompliance – Student Attendance, Enrollment and Withdrawals

Ohio Rev. Code § 3314.08(H)(2) provides that a student shall be considered to be enrolled in a community school for the period of time beginning on the later of the date on which the school both has received documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor, or thirty days prior to the date on which the student is entered into the education management information system established under section 3301.0714 of the Revised Code.

The **Ohio Department of Education (ODE) EMIS Manual, Section 2.1.1 Student Enrollment Overview** provides guidance on required documentation to be obtained by the School and maintained in the student file, including the documentation required for withdrawal for each withdrawal code reported in the SOES system.

For students selected for review, the following was noted:

- For two of the nine students tested, the enrollment form did not include a date of enrollment for the student.
- For eight of the nine students tested, the enrollment form was not signed by the student's parent/guardian.
- For eight of the nine students tested, the School did not provide certificates of birth or proof of residency.
- For one student withdrawal tested, the School documented the withdrawal reason to be "transferred to another school district in Ohio"; however, the student was withdrawn due to "Truancy/No Attendance".

Additionally, the School did not provide daily attendance records which supported excused and unexcused absences during the school year.

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2014-006 (continued)

Noncompliance – Student Attendance, Enrollment and Withdrawals (continued)

Failure to obtain and maintain required student attendance, enrollment, and withdrawal information resulted in inaccurate reporting to ODE. Student enrollment is the primary determination of the amount of foundation revenue provided by the State. Overstatement of student attendance led to a Finding for Recovery for overpayment of foundation revenue as noted in Finding 2014-005.

FINDING NUMBER 2014-007

Noncompliance – Payroll Withholdings

26 U.S.C. § 3402 requires an employer to deduct and withhold federal income tax and Medicare tax from the compensation of all employees. **26 U.S.C. § 3403** states in part, the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter.

Ohio Rev. Code § 5747.07(B) states that every employer required to deduct and withhold state income taxes shall file a return and shall pay the amount required by law.

Ohio Rev. Code § 3307.01 requires enrollment and participation of teaching employees in the State Teachers Retirement System (STRS). **Ohio Rev. Code § 3309.01** requires the enrollment and participation of most other non-teaching employees in the School Employees Retirement System (SERS). Employees who are exempt from participating in these retirement plans must meet exemption criteria. The School is required to withhold employee retirement contributions and to make matching contributions.

The School did not provide documentation that income taxes and retirement contributions as outlined above were withheld from employee salaries and remitted to the applicable agency. Additionally, there was no evidence STRS and SERS were notified of the School's closing as required by the Ohio Department of Education's community school close-out procedures.

These matters will be referred to the Internal Revenue Service, the Ohio Department of Taxation, the State Teachers Retirement System, and the Ohio Department of Education.

FINDING NUMBER 2014-008

Noncompliance / Finding for Recovery – Unsupported Expenditure

Ohio Rev. Code § 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 Revised Code. **Ohio Revised Code § 149.43(B)** 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.

On May 27, 2014, an electronic debit/withdrawal in the amount of \$806 was posted to the School's checking account to an unknown vendor/recipient. The School did not provide a supporting invoice or an

**FIRST TIME LEARNERS ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
PERIOD OF JULY 1, 2013 THROUGH MARCH 11, 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2014-008 (continued)

Noncompliance / Finding for Recovery – Unsupported Expenditure (continued)

explanation for this transaction. Therefore, we were unable to determine if this expenditure was for a proper public purpose.

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., 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St.3d 228 (1985).

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a Finding for Recovery for public money illegally expended is hereby issued jointly and severally against the School's former Director, Abdallah Kassim, and former Board President, Halima Arbow, in the amount of \$806 in favor of the Ohio Department of Education, since First Time Learners Academy is closed.

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

OHIO AUDITOR OF STATE
KEITH FABER



FIRST TIME LEARNERS ACADEMY

FRANKLIN 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 19, 2019**