



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT

ChallengeU Ohio Community School
Hamilton County
State Teachers Retirement System
Crow LLP
4030 Smith Road Suite 200
Cincinnati, Ohio 45209

We have examined the census data, including the demographic data of employees' name, last four digits of the social security number, gender, and date of birth, as well as the pensionable compensation and contributions remitted to the State Teachers Retirement System (STRS) as of June 30, 2024 and for the year then ended. ChallengeU Ohio Community School, Hamilton County (the School) management is responsible for reporting complete and accurate census data to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by STRS.

Our responsibility is to express an opinion on the census data as described above based on our examination. Our examination was conducted in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the census data as described above was reported to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by STRS.

An examination involves performing procedures to obtain evidence about whether the census data was reported to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by STRS. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the census data reported to STRS, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our adverse opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination identified errors in either enrolling employees in the correct retirement system or remitting the correct contributions for four of the School's eight employees (50 percent). Two of the School's eight employees (25 percent) were improperly enrolled in and remitted contributions to the School Employees Retirement System (SERS) but should have been enrolled in and remitted contributions to the State Teachers Retirement System (STRS). The School remitted contributions to SERS for an additional two of the School's eight employees (25 percent) for one pay period which should have been remitted to STRS. As a result of these errors, the School remitted 26 percent less in employee contributions to STRS than necessary, had the employees been correctly enrolled and reported.

In our opinion, because of the significance of the errors described in the preceding paragraph, the census data, including the demographic data of employees' name, last four digits of the social security number, gender, and date of birth, as well as the pensionable compensation and contributions remitted to STRS, were not reported to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by STRS in all material respects as of and for the year ended June 30, 2024.

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, regulations, contracts, or grant agreements 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. 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. We performed our examination to express an opinion on whether the census data was reported to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by the State Teachers Retirement System and 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 certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings.

This report is intended solely for the information and use of ChallengeU Ohio Community School's management, those charged with governance, and State Teachers Retirement System management, and plan auditors to provide assurances about whether the census data reported to the School Employees Retirement System is accurate and complete. This report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
October 4, 2024

**CHALLENGEU OHIO COMMUNITY SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024**

FINDING NUMBER 2024-001

Material Weakness/Noncompliance – Employees not included in correct retirement plan

Ohio Rev. Code § 3307 requires teachers to pay into the State Teachers Retirement System (STRS). § 3307.01(B)(1)(b) further describes a teacher to include “any person employed as a teacher or faculty member in a community school”. Employers are required to enroll employees and remit contributions to STRS in accordance with the requirements of Chapter 3307 of the Ohio Revised Code and rules established by STRS.

The engagement identified errors in either enrolling employees in the correct retirement system or remitting the correct contributions for four of the School’s eight employees (50 percent) as described below:

- Two of the School’s eight employees (25 percent) were improperly enrolled in and remitted contributions to the School Employees Retirement System (SERS) but should have been enrolled in and remitted contributions to the State Teachers Retirement System (STRS).
- The School remitted contributions to SERS for an additional two of the School’s eight employees (25 percent) for one pay period which should have been remitted to STRS.

As a result of these errors, the School remitted 26 percent less in employee contributions to STRS than necessary, had the employees been correctly enrolled and reported.

Fiscal year 2024 was the school’s first year of operation. Management did not fully understand the requirements related to enrolling employees and reporting information to the applicable retirement system.

The School should design and implement sufficient controls to ensure employees are enrolled in the correct retirement system and earnings and contributions are properly reported and remitted. Additionally, we recommend the School contact both SERS and STRS to ensure all employees are enrolled in the correct retirement system and to correct errors in reporting earnings and remitting the related contributions.

FINDING NUMBER 2024-002

Significant Deficiency – Payroll Cycle Control Deficiencies

When designing the public office’s system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices, and to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and reports its transactions.

**CHALLENGEU OHIO COMMUNITY SCHOOL
HAMILTON COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024
(Continued)**

The following conditions related to management controls over the payroll disbursements were identified:

- There was no evidence that the monthly pension reports were reviewed.
- There was no written notification of changes to the master personnel or payroll file.

Failure to review monthly pension reports and maintain the written notifications of changes to personnel or payroll files reduces the school's ability to ensure proper accountability over the proper reporting of member census data to the retirement system.

The School should design and implement sufficient controls for a documented review of the monthly pension reports and ensure written notification of changes to the master personnel or payroll files are maintained in the employee's personnel files.

Management's Response

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

OHIO AUDITOR OF STATE KEITH FABER



CHALLENGEU OHIO COMMUNITY SCHOOL STATE TEACHERS RETIREMENT SYSTEM CENSUS DATA EXAMINATION

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/7/2024

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This report is a matter of public record and is available online at
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