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MANAGEMENT LETTER

DECA Prep
Montgomery County
200 Homewood Avenue
Dayton, Ohio 45405

To the Governing Board:

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 statements defined in our Independent Auditor's Report of DECA Prep, Montgomery County, Ohio (the Academy) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated June 24, 2022.

Government Auditing Standards require us to communicate deficiencies in internal control, as well as, report on compliance with certain provisions of laws, regulations, contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated June 24, 2022, for the fiscal year ended June 30, 2021.

2 CFR Part 200 subpart F 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 June 24, 2022, for the fiscal year ended June 30, 2021.

We are also submitting the following comments for your consideration regarding the Academy's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* or Single Audit reports. 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. These comments reflect our continuing desire to assist your government but are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Finding

2 C.F.R § 200.510(b) states, in part, the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. At a minimum, the schedule must include, but not be limited to, total Federal awards expended for each individual Federal program and the Assistance Listing number or other identifying number when the Assistance Listing information is not available.

The Academy prepared a Schedule of Expenditures of Federal Awards (the Schedule); however, the following errors were identified, of which all were corrected on the Schedule:

Efficient • Effective • Transparent

Noncompliance Finding (Continued)

- Title I Grant (AL#84.010) expenditures were overstated by \$66,621.
- Student Support and Academic Enrichment Grant (AL#84.424) expenditures were understated by \$66,621.
- School Breakfast Program (AL#10.553) expenditures were overstated by \$769 due to including a non-federal transaction.
- National School Lunch Program (AL#10.555) expenditures were overstated by \$7,360 due to including a non-federal transaction.

To reduce the risk of inaccurate reporting of federal expenditures, due care should be taken in the preparation of the Schedule. The Schedule should be reviewed after preparation and agreed to the Academy's underlying accounting records and other information for completeness and accuracy.

Recommendations

1. Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The following error was noted during the audit which was determined to be immaterial and did not require audit adjustments to the accompanying financial statements:

The Academy posted \$66,621 of receipts received from the Student Support and Academic Enrichment Program to Fund 572 (Title 1 Grants to Local Educational Agencies Fund) instead of to Fund 599 as stipulated per review of the CCIP portal on the Ohio Department of Education website. The corresponding \$66,621 of expenditures were also posted to Fund 572, instead of to Fund 599.

Policies and procedures should be established and implemented to verify the accuracy of the Academy's financial statements. This includes policies and procedures to ensure accurate posting of the day-to-day receipt and expenditure transactions within the Academy's accounting system. The Academy should ensure it is reviewing all available external guidance available before posting transactions, to ensure completeness and accuracy. Failure to do so could result in material misstatements, whether due to fraud or error, going undetected.

2. Bonuses

On September 16, 2020, the Board approved a resolution to pay a bonus to the prior Superintendent upon her retirement. However, the Board did not change or add an amendment to the Superintendent's contract to list bonuses or additional compensation as being allowed by the contract. Board policy po1220 specifies that the Board shall fix the superintendent's compensation, which shall be included in the contract. Failure to follow Board policy could result in overpayment and potential findings for recovery in the future. The Academy should follow Board approved policies.

We intend this report for the information and use of the governing board, management, and the Community School's sponsor.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022