

December 5, 2019

Ashley Gardner
U.S. Department of Education
Office of Elementary and Secondary Education
Charter School Program
400 Maryland Avenue SW RM 3E113
Washington, D.C. 20202

Re: U282A150023: High-Risk Special Condition #1

Dear Ms. Gardner,

As part of the Ohio Department of Education's Charter School Program (CSP) High-Risk Special Conditions, item one requires Ohio to hire an independent monitor to perform periodic reviews of the Department's processes by applying "agreed-upon procedures" (AUP). The Department engaged with Kennedy Cottrell Richards to complete the work outlined in the AUP between the U.S. Department of Education, the Ohio Auditor of State and the Department. On Nov. 15, 2019 the report was released citing a few areas of concern (four related to the same incident) that the Department wished to provide additional clarification.

Ohio's response to items identified within the AUP report is as follows:

- Item 1.3(A)(3)(d) – The Department wished to clarify the one peer reviewer who had a conflict related to a grant applications for the current round of grants under review did not review any applications that posed a conflict of interest. The reviewer only reviewed applications where no conflict of interest existed.
- Items 2.1(A)(1)(c), 2.1(A)(2)(f), 2.1(B)(1) and 2.1(B)(2) – During review of a Project Cash Request (PCR) for one subgrantee, a vendor invoice was not included in the packet of information provided by the subgrantee (totaling \$58,660). A copy of the purchase order and cancelled check to the vendor was included. The subgrantee had a copy of the invoice on file confirming the subrecipient had accurate account records [item 2.1(A)(1)(c)], conformed to the standard cost principals pursuant to 2 CFR 200 [item 2.1(A)(2)(f)], were obligated after the initial substantial approval date [item 2.1(B)(1)] and incurred before the end of the project period [item 2.1(B)(2)]. The breakdown was providing a copy of the invoice to the Department.
 - The Department felt there was sufficient supporting documentation provided on the part of the subgrantee to process the cash request at the time of submission.
 - The Department will continue our practice of review for PCRs and ensure copies of invoices (along with purchase orders) are included with each PCR packet.
- Item 2.1(C) – Procurement: The Department worked with our three subgrantees regarding procurement and reviewed each policy as part of subgrantee monitoring. One of the subgrantees revised their procurement policy in May 2018 to explicitly reference 2 CFR 200.317 thru 200.326 (including the exact language within their policy). Two of subgrantees chose not to revise their procurement policy as they believed the standards required in 2 CFR 200.317 through 200.326 were included in their policy without explicit reference to the federal

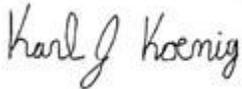
regulation. Through monitoring the Department agreed that their procurement policy included the required elements without explicit reference. Going forward all new subgrantees will participate in training on procurement policies and will be asked to demonstrate explicitly where in their policy the elements of 2 CFR 200.317 thru 200.326 are included to help any observer trace the policy back to the requirements.

Overall, the Department is encouraged by the independent monitor's report, and believe it shows the hard work and commitment of Department staff to meeting the requirements and expectations for implementation of the CSP subgrant competition. The Department will work to incorporate the suggestions from the report and believe the concerns identified in the report are opportunities for improvement.

The Department would like to thank the staff at Kennedy Cottrell Richards for its review and feedback to the Department's CSP program.

If you questions, please contact me by phone at (614) 387-2197 or email at Karl.Koenig@education.ohio.gov

Sincerely,

A handwritten signature in cursive script that reads "Karl J. Koenig".

Karl J. Koenig
Director
Office of Community Schools