

# Semi-Annual Performance Report

January 1-June 30, 2019

## GRANT ACTIVITIES

Between January 1 and June 30, 2019, the Ohio Department of Education performed the following grant activities.

- **Staffing Changes:**
  - **May 10, 2019:** CSP Executive Director, Colleen Grady resigned
  - **May 10, 2019:** CSP Director, Karl Koenig reports to new Executive Director, Jo Hanna Ward in the Center of Continuous Improvement
- **CSP Subgrantee Monitoring:**
  - **January 11, 2019:** Conducted site-visit at Southwest Ohio Preparatory Academy (SWOP)
  - **February 14, 2019:** S. Columbus non-compliant finding for annual audit report and evidence of external support
  - **February 26, 2019:** SWOP non-compliant finding issued for annual audit report evidence
  - **March 1, 2019:** S. Columbus met all compliance requirements
  - **March 8, 2019:** Conducted site-visit at SWOP/provided technical assistance on requirements to continue CSP grant funding
  - **March 18, 2019:** SWOP met all compliance requirements
  - **March 20, 2019:** Completed review of FY 19 subgrant fall compliance review
  - **April 26 – May 23, 2019:** CSP technical assistance provided to subgrantees regarding final expenses and leadership changes
  - **March 25, 2019:** USED approves OCS request to modify eligibility requirements for sponsors
  - **March 25, 2019:** USED approves OCS's high-quality definition
  - On-site visit conducted at South Columbus Preparatory Academy to view A/C units purchased and inventory control policy
- **CSP/Expansion Round 3:**
  - **January 6, 2019:** Draft Expansion RFA complete for review
  - March 24, 2019: Expansion CSP Grant approved
  - **March 13, 2019:** Sponsors notified as being eligible to apply for CSP/Expansion subgrant after all CAP requirements are met, approved, and implemented
  - **February 18, 2019:** Allowable Cost Guide revised to include expansion items
  - **April 18, 2019:** Sponsor CSP/Expansion RFA training
  - **April 22, 2019:** CSP/Expansion RFA's open
  - **April 24, 2019:** Intent to Apply survey closed
  - **May 7-8:** Peer Reviewers application and resumes are reviewed, scored, and selected
  - **May 1-8, 2019:** Sponsor CAP letter sent to all eligible sponsors to apply for CSP/Expansion Grant
  - **May 10, 2019:** Selected Peer Reviewers notified
  - **May 8-15, 2019:** Sponsor CAP responses received
  - **May 15-21, 2019:** Sponsor CAP Approval letter sent
  - **May 24, 2019:** CSP/Expansion RFA's closed
  - **May 28, 2019:** Conducted FY19 Peer Review Training for Implementation and Expansion Grants
  - **May 28, 2019:** CSP/Expansion Tech Review Training
  - **June 4, 2019:** Peer Review Calibration Applications assigned
  - **June 4-17, 2019:** Tech Review Consensus meeting
  - **June 6, 2019:** Peer Review CSP/Expansion Calibration Call
  - **June 7, 2019:** Final Peer Reviewer selected, and Tech Review Applications assigned
  - **June 27, 2019:** All Peer Review scores and comments due to be uploaded and complete

- **CSP Advisory Committee:**
  - **January 22, 2019:** Revised Advisory By-Laws approved by legal for signature
  - **March 25, 2019:** CSP Advisory Committee Members meeting held to discuss Round 3 competition, Expansion RFA, High-Quality and Expansion definition, revised Sponsor Eligibility requirements, and Annual Performance Report
  - **March 11, 2019:** Lenny Schafer resigned from Advisory Committee
  - **July 10, 2019:** Committee Skype meeting to discuss CSP Grant competition results and semi-annual report.
- **Independent Monitor:**
  - **June 11, 2019:** Independent monitor shared share drive link to upload all AUPs and provided AUP description spreadsheet
  - **June 18, 2019:** Draft AUP and GAI conference call
  - **July 31, 2019:** All requested Agreed-upon Procedures items submitted for review by the independent monitor.
- **WestEd Monitoring:**
  - **June 26, 2019:** Pre-visit conference call to discuss monitoring visiting expectations with WestEd and USED scheduled for August 26-30, 2019.

**GRANT EXPENDITURES:**

\$309,450.97 were expended from the grant for the current reporting period.

**UPDATE ON GRANT PROJECT TIMELINES:**

The project timeline has been updated.

\*Attached: Ohio CSP Workplan

## UPDATES ON AUDIT FINDINGS AND RESOLUTIONS OF AUDITS INVOLVING CHARTER SCHOOLS IN OHIO, INCLUDING THE AUTHORIZERS' RESPONSIBILITIES AND INVOLVEMENT:

Attached: Appendix C 5 31 2019 CS Audit Reports

Appendix C provides a biannual update on Fiscal Years 2014 through 2018 community school audit findings and resolutions that have occurred since the November 2018 report. This update includes the number of community school audits performed by the Auditor of State, a summary of the community school single audits and findings, an update on findings for recovery that have been resolved by the Attorney General's Office, and information on an audit that did not include an opinion on the financial statements. Appendix C includes information for single audits issued during this reporting period and includes a separate spreadsheet on active findings for recovery. Schools with repayments to the Attorney General's Office during the reporting period are highlighted.

The Auditor of State's Office performs financial audits (regular and single audits) and various other special audits, retirement system examinations, and agreed upon procedures of community schools. Regular financial statement audits are independent, objective evaluations of an organization's financial reports and financial reporting processes. The primary purpose of regular financial audits is to give regulators, investors, directors, and managers reasonable assurance that financial statements are accurate and complete.

Single audits combine the annual financial statement audit with additional audit coverage of federal funds. The single audit is intended to meet the basic audit needs of both the non-federal entity and federal awarding agencies. Before Dec. 26, 2014, all community schools receiving at least \$500,000 annually required a single audit. All awards made on or after Dec. 26, 2014, were subject to the Uniform Guidance, which sets the threshold at \$750,000 or more.

The Auditor of State may declare community schools as "unauditable." The auditor finds a school unauditable if its financial records are not sufficient to complete an audit. There are no community schools on the list for this reporting period.

### 1. Auditor of State Community School Audit Updates

The Auditor of State completed and issued two FY14, four FY16, 11 FY17, and 277 FY18 community school audit reports since the Department's last report to the USED. This includes 293 financial audits and one other audit. Table 1 reflects the audit reports released between December 1, 2018 and May 31, 2019.

**Table 1: Community School Audit Reports – Summary by Type**

Fiscal Year	Regular Audit	Single Audit	Other Audits	Total Audits
2018	232	44	1	277
2017 ^	8	3	0	11
2016	4	0	0	4
2015	0	0	0	0
2014	1	1	0	2
<b>Total</b>	<b>245</b>	<b>48</b>	<b>1</b>	<b>294</b>

^ Two Regular audits extend to the first quarter of FY18.

## 2. New Financial Audit Findings - All Fiscal Years

The Auditor of State issued 48 single audit reports during the reporting period. Findings were issued in audit reports released to twelve schools. We have updated Table 2 to reflect this number, and to provide updates on management decisions issued during this reporting period.

**Table 2: Financial Audits – Summary of Single Audit Community School Findings**

Year	Single Audit Reports	Single Audits Findings		Findings for Recovery	
		Schools	Unresolved	Schools	Unresolved *
2018	44	8	0	10	0
2017	3	3	8 (pending management decision)	4	0
2016	0	0	0	4	4
2015	0	0	0	0	0
2014	1	1	1 (pending management decision)	1	0
<b>Total</b>	<b>48</b>	<b>12</b>	<b>9</b>	<b>19</b>	<b>4</b>

\* "Unresolved" means the findings for recovery were not repaid under audit and have not been certified to the Attorney General's Office as of the end of this reporting period.

Appendix C includes a summary of the audit findings. We continue to review the single audit reports and will make management decisions pursuant to 2 CFR § 200.521(d). Information on the decision made for a previously reported single audit is listed in the "Prior 'In Process' Audits" spreadsheet.

## 3. Summary of Resolutions for Previously Unresolved Findings

The Department received an updated report on the status of findings for recovery being handled by the Attorney General's Office. Findings for recovery in "active" collection status are listed in Appendix C. (See the "Active Findings for Recovery" spreadsheet.) The schools with repayment activity are highlighted on the spreadsheet.

During this reporting period, the Auditor of State issued findings for recovery to nineteen schools. Amounts for eleven of the schools were repaid under audit or resolved. The amounts for four schools were certified to the Attorney General's Office and amounts for the remaining four schools are pending resolution.

## 4. Other Audit Findings

The Auditor of State performed one non-GAGAS audit for a community school that was previously on the unauditible list. Table 3 provides an overview of the findings in the non-GAGAS audit report.

**Table 3: Summary of FY18 Non-GAGAS Audit**

<b>Community School</b>	<b>Summary of Findings</b>
Lawrence County Academy	Findings: 1) Proper attendance documentation was not maintained by the Academy. 2) The Academy's 2017 financial statements were not prepared in accordance with GAAP. Since the financial statements were prepared on the modified cash basis, they should have been filed within 60 days after the fiscal year end closed. The financial statements were filed on January 17, 2019. 3) The Academy used the blended learning model; however, there was no documentation to support that the Academy notified the Department of that model. 4) There was no documentation on file to support that the Lawrence County Educational Service Center (Sponsor) verified that the governing board had no findings for recovery issued against them. 5) The Academy's monthly Board meeting minutes were not signed and did not clearly identify the type of financial statements reviewed. 6) The Academy did not document completion of certain school closure procedures for student records.