

Quarterly Performance Report

April 1 - June 30, 2017

GRANT ACTIVITIES:

Between April 1 and June 30, 2017, the Department performed the following grant activities:

- **Reports and documents submitted to the USDoe:**
 - **April 14:** Submitted April quarterly report, budget modification request letter and the annual performance report to the USDoe and posted it on the CSP web page;
 - **May 11:** Completed and submitted to the USDoe the comprehensive plan for the administration of the CSP grant and the finalized version of the Review and Award process;
 - **May 19:** Updated version of the annual performance report submitted to the USDoe; and
 - **June 9:** Submitted draft of the CSP Grant monitoring rubric to the USDoe.
- **Webinars, trainings, and conference calls:**
 - **April 20:** Sent a recorded webinar to the Needs Assessment Advisory Groups (NAAGs), which included information on their role in the subgrant application process;
 - **April 21:** Conducted a conference call with the Needs Assessment Advisory Groups (NAAGs) to answer any questions they had about their role in the subgrant application process. (**Note:** Organizations meeting the criteria to be a Needs Assessment Advisory Group either opted not to participate or did not respond to the invitation for the first round of the Charter School Program Grant competition. The Department will solicit interest prior to the next round of applications.);
 - **May 17:** Conducted an in-person training session for potential applicants who completed an Intent to Apply form. The training session focused on subgrant eligibility, allowable and unallowable expenditures, application content and format, and application submission. Twenty-seven people attended the training, along with six Department staff members;
 - **June 15:** Conducted an in-person training session for the technical reviewers. Five Department staff members served as technical reviewers;
 - **June 16:** Conducted a Skype training session for the peer reviewers. Nineteen people participated in the training, along with four Department staff members; and
 - **June 19:** Conducted a conference call with peer reviewers to discuss the calibration of a sample grant application. Seventeen people participated in the calibration call, along with three Department staff members.
- **Advisory Committee meetings and other Department meetings regarding the CSP grant:**
 - **April 13:** CSP Grant Advisory Committee met to review and approve the April quarterly report and the annual performance report;
 - **April 17:** The Department's CSP Grant Project Director sent the Advisory Committee the CSP pipeline projections
 - **April 25:** Conducted an in-person meeting with the independent monitor and the Ohio Auditor of State to discuss and finalize agreed-upon procedures (AUPs);
 - **June 7:** Reviewed the résumés of those who applied to be subgrant application peer reviewers and selected the applicants who will serve as peer reviewers (based on minimum and preferred qualifications). Selected the top twenty peer reviewers from a pool of sixty applicants;
 - **June 15 – 19:** Conducted the technical review of the nine submitted applications; and

- **June 19:** Department oversight committee met to discuss the technical review of the nine applications submitted and to determine which ones would be approved to move to the peer review process. Three of the nine applications were approved to advance to the peer review process.
- **Documents and other items posted to the CSP Grant web page:**
 - **April 7:** Finalized and posted the Notice of Grant Opportunity (NGO) and the Intent to Apply form on the CSP Grant web page;
 - **April 20:** Finalized and posted the Request for Application (RFA) and the Review and Award Process on the CSP Grant web page (**Note:** Revised RFA posted May 16);
 - **May 16:** Developed and posted fillable subgrant application templates for the five required application forms and for five of the twelve application appendices;
 - **May 23 – June 2:** Recorded and posted thirteen sections of the in-person training presentation onto the CSP web page, making information on the subgrant application process accessible at any time;
 - **May 24:** Posted May 17 training presentation to the CSP Grant web page; and
 - **June 2:** Developed and posted an Allowable Costs Guide and FAQs on the CSP web page.
- **Other grant activities:**
 - **May 18:** Opened the subgrant application window in the Department’s online e-grant system, the Comprehensive Continuous Improvement Plan (CCIP), which remained open through June 15. The Department received 9 applications by the June 15 deadline; and
 - **June 20 – 28:** Peer review process took place. The Department assigned peer reviewers to the applications that advanced to the peer review process. Four peer reviewers will review each application.

During the rest of the current federal fiscal year, July 1 – Sept. 30, 2017, Ohio will:

- Finalize internal grant-related processes;
- Award Round 1 subgrant awards;
- Make initial Round 1 subgrant reimbursement payments (once they are approved by the Department and the USDoE); and
- Implement Round 1 subgrantee program monitoring.

In July 2017, the funding for Round 1 subgrants will begin to flow. We estimate the number of subgrants to be a small portion of the initial expectation because of the low number of sponsors receiving the necessary evaluation rating. After reviewing the first round of applicants, the Department will begin working on developing training sessions and materials to better educate the community on high expectations of the CSP Grant.

GRANT EXPENDITURES:

No funds were expended from the grant for the current reporting period.

UPDATE ON GRANT PROJECT TIMELINES:

The project timeline has been updated.

[Attached: Copy of Ohio High-Risk Condition Gantt Chart 2017-03-30](#)

UPDATES ON THE TIMELINE FOR IMPLEMENTING THE AUTHORIZER QUALITY PERFORMANCE REVIEW AND HOW THE IMPLEMENTATION STATUS IMPACTS THE GRANT BUDGET:

For the second quarter of 2017, the Department has continued providing information and technical assistance to community school sponsors on the 2016-2017 sponsor evaluation process. The

Department continued posting video tutorials, the most recent one being for the compliance component. The tutorials, along with all other information and documents regarding the sponsor evaluation, are available [on the Ohio Department of Education website](#).

The Department also updated its sponsor evaluation FAQs, incorporating additional questions onto the web page as they were received from sponsors. As the deadline to submit documents for the compliance review is June 30, the Department continues to receive compliance-related questions and will update the FAQs accordingly.

On April 26 and 27, the Department facilitated training sessions with the vendor responsible for conducting the quality review. The Department completed training sessions with the vendor conducting the compliance review on June 6 and 7. The purpose of both training sessions was to make sure that the vendors understood how to use the review tools and to finalize the review timelines. The vendors, however, are fully responsible for setting up their own internal processes for conducting the reviews. The quality review vendor began conducting reviews on May 1. The compliance review vendor will begin conducting reviews on July 1.

Sponsors who received an overall rating of Ineffective on their 2015-2016 sponsor evaluations were required to submit their second progress report by May 31. These reports should point out the progress they have made in improving sponsor practices since their February progress reports. The progress reports help the Department to make sure that sponsors continue their efforts to improve their practices. Twenty-six of the 31 sponsors who submitted a progress report are actively making progress in their sponsoring practices. Of those sponsors who are not making progress, some are in the process of ending their sponsorship authority by July 1, 2017. Improved authorizing practices should lead to improved evaluation ratings of the sponsors and ultimately support the goal of increasing the number of new and existing high-quality/high-performing community schools.

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

[Attached: Appendix C 6 13 2017](#)

Appendix C provides a quarterly update on Fiscal Years 2013, 2014, 2015 community school audit findings and resolutions that have occurred since the April 2017 report, as well as updates for FY16 community school audit findings. This update includes the number of community school audits performed by the Auditor of State, a summary of new community school financial audits and findings (reported in prior versions of Appendix C submitted to the USDoe), a listing of special audits on community schools and resolutions, and an update on findings for recovery that have been resolved by the Attorney General's Office. Appendix C includes information for single audits and findings for recovery issued during the quarter, and includes a separate spreadsheet on amounts collected by the Attorney General's Office during the quarter.

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.

A-133 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 more than

\$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. Lawrence County Academy remains on the unauditable list.

1. Auditor of State Community School Audit Updates

The Auditor of State completed and issued one FY13, one FY14, seven FY15, and 240 FY16 community school audit reports since the Department’s last report to the USDoE. This includes 243 financial audits and six other audits. Table 1 reflects updates for audit reports released through May 30, 2017.

Table 1: Community School Audits – Summary by Type

Fiscal Year	Regular Audit	Single Audit	Other Audits	Total Audits
2016***	245	43	15	303
2015	276	95	24	395
2014	269	96	21	386
2013	243	98	1	342
2012	220	102	1	323
2011	157	155*	1	313
2010	192	131*	4	327
2009	335	**	2	337
2008	320	**	0	320
Total	2,257	720	69	3,046

* Increase in A133 Single Audits due to influx of ARRA Stimulus funds
 ** Ohio Department of Education A-133 audit system automation/new database in 2010
 *** Release of 2016 audits is ongoing

2. New Financial Audit Findings - All Fiscal Years

The Auditor of State issued findings on 10 schools that were not previously reported. One school received single audit findings in FY13, one in FY14, one in FY15, and five in FY16. Two schools received findings for recovery in FY15, and one received findings for recovery in FY13 along with the single audit findings. We have updated Table 3 to reflect these numbers.

Table 3: Financial Audits – Summary of Community School Findings

Year	Total Community School Audits	A-133 Single Audits Findings		Findings for Recovery	
		Schools	Unresolved	Schools	Unresolved
2016*	88	5	5 (pending management decision)	0	0
2015	358	7	1 (pending management decision)	16	4
2014	352	20	1 (pending management decision)	11	4
2013	339	26	1 (pending management decision)	11	2
2012	322	17	0	19	9
2011	312	27	0	22	12

2010	325	29	0	36	11
2009	323	▪	▪	53	12
2008	320	▪	▪	33	11
Total	2,739	131	8	201	65

* Release of 2016 audits is ongoing

▪ Ohio Department of Education A-133 audit system automation/new database in 2010

Appendix C includes summaries of the audit findings not previously reported. (See the “March-May 2017 Audits” spreadsheet in Appendix C for detailed information.) We are reviewing the single audit reports and making management decisions pursuant to 2 CFR § 200.521(d). A full report of resolutions will be provided in the next quarterly report.

3. Other Audit Findings

The Auditor of State performed five agreed upon procedures audits for school closeouts, and also issued a management letter for one of those schools. Table 4 provides details of the findings.

Table 4: Special Audits – Summary of Community School Findings

Community School	Type of Audit	Summary of Findings	Status of Findings
FCI Academy	AUP	Closeout Procedures. 1) The school's cash balance was \$31,537 higher than the bank balance. 2) One check listed on the bank reconciliation could not be located in the check register. 3) Reconciling credits for the period August - December 2015 were not posted to the check register until January 2016. Receipts were not posted timely. 4) The August 2015 Foundation revenue was not posted until January 1, 2016, and was not recorded in the proper period. 5) Miscellaneous receipts received in October - December 2015, were not posted in the revenue ledger until January 1, 2016. 6) The salaries of two employees per the payroll register, did not agree with the amounts they were paid. One employee was overpaid by \$387. The other employee was overpaid by \$154. 7) The Academy was late in paying the Columbus City taxes, Ohio income taxes and the Federal income taxes. 8) A Finding for Recovery for public monies illegally expended was issued against FCI Academy in the amount of \$340,770 in favor of the Ohio Department of Education. The school received Foundation funding in July and August 2015 in the amount of \$324,694; but, did not open for instruction in FY16. Also, the final fiscal year 2015 FTE adjustment (finalized on March 3, 2017), indicated the Academy had been overfunded by \$16,076. 9) The inactive records were received on September 5, 2015; however, they were not officially received until October 21, 2015 as they arrived out of order and included records that were not on the inventory that were supposed to go to other LEA's. Additionally, the SSID numbers were not provided for all students; and, as of March 27, 2017 the SSID numbers still had not been received. 10) The capital asset listing did not include the initial or amortized cost of the assets, did not include the purchaser, and did not include USAS codes. 11) The capital asset listing did not include assets purchased with National School Lunch Program funds. 12) The Academy paid private creditors prior to paying Columbus City tax in the amount of \$4,189.46, Ohio tax in the amount of \$216.59 and Ohio Department of Job & Family Services in the amount of \$9,584.18. 13) The Academy did not prepare year-end financial statements and therefore did not disclose the tax liabilities. 14) In addition to not preparing year-end financial statements or notes to the financial statements, the school did not provide a list of unused checks, as no checks for any of the bank accounts were left, and did not provide a copy of the Certification Form signed at the FTE review. 15) There was a February 29, 2017 bank balance of \$86,109.83, and outstanding liabilities of \$632,338.70. Funds were properly credited to the Academy's account and the Academy is working to apply remaining funds to its liabilities and will return any remaining funds to the Ohio Department of Education.	School closed. Findings for recovery certified to the Attorney General's Office.
Utica Shale Academy-Belmont	AUP	Closeout Procedures. 1) Remaining funds not remitted to ODE as of the date of the report; school needed to retain funds to pay pending financial statement preparation and audit costs.	School closed

Imagine Integrity Academy	AUP	Closeout Procedures: 1) Notice of school closure not released within 24 hours of Board action. 2) Original records (not copies) of student records sent to resident district; also, records not sent within 7 business days of the school closing.	School closed
Oaks Leadership Institute	AUP	Closeout Procedures. 1) School closure letter had required components but did not give reason for school closing. 2) Auditors could not obtain the governing authority's notice to school staff that the school would close.	School closed
Columbus Bilingual Academy	AUP	Closeout Procedures. 1) The Academy is delinquent in paying the \$265.49 State Employees Retirement System (SERS) employer contributions. 2) Funds were properly credited to the Academy's account. The Academy is working to apply the remaining funds to its liabilities and will return any remaining funds to the Ohio Department of Education.	School closed
Columbus Bilingual Academy	Mgt Letter	1) School did not file the annual GAAP financial report by June 30, 2016. The report was filed on December 30, 2016. 2) School could not locate contracts for two employees selected for the payroll test. 3) Five FTEs were reported as 0.005495 as opposed to 0.000000. Also, two student FTEs did not include a disability code. 4) Seven of 32 employees tested may have paid into the wrong retirement system. 5) The Treasurer did not always accurately post receipts and liabilities to the accounting system or financial statements.	School closed

4. 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 FFRs-Collections" and "Active FFRs-No Collections" spreadsheets.