

Quarterly Performance Report

Jan. 1 - March 31, 2017

GRANT ACTIVITIES:

Please refer to Section C of the Annual Performance Report for grant activities.

During the rest of the current federal fiscal year, April 3-Sept. 30, 2017, Ohio will:

- Finalize internal grant-related processes;
- Receive Round 1 subgrant applications, conduct the peer review process, and make Round 1 subgrant awards; Begin 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. The Department currently anticipates an eligible applicant pipeline of:

- Four Planning Subgrant Applicants;
- Nine Year 1 Implementation Subgrant Applicants; and
- Five Year 2 Implementation Subgrant Applicants

GRANT EXPENDITURES:

No funds were expended from the grant for the current reporting period. Please refer to Section B of the Annual Performance Report for an explanation.

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 first quarter of 2017, the Department has focused on providing information and technical assistance to community school sponsors on the 2016-2017 sponsor evaluation process. On Jan. 31, the Department held an in-person training session for all Ohio sponsors to discuss the sponsor evaluation process and familiarize sponsors with changes to the quality practices rubric. Following that, the Department began posting video tutorials. The Department posted tutorials which cover the six critical areas of the quality practices rubric and guidance on submitting documents for the quality review and compliance component. The Department also posted the quality practices rubric, the compliance worksheet, and several other documents related to the sponsor evaluation process. All information is available [on the Ohio Department of Education website](#).

At the same time, we required some sponsors who received overall ratings of Ineffective on their 2015-2016 sponsor evaluations to submit revised quality improvement plans. This resulted from those sponsors receiving determinations of Insufficient on their original quality improvement plan submissions, which were due in December. To make sure that sponsors received ample technical assistance on the revision process, the Office of Community Schools met with sponsors, conducted phone conferences, and provided feedback on draft revisions. Revised quality improvement plans will undoubtedly help sponsors strengthen their practices, which will likely lead to increased evaluation ratings and an increase in the pool of potential CSP subgrantees.

The Department also is preparing for upcoming training sessions with the vendors contracted to carry out the sponsor evaluations. The first training session will prepare the vendor completing the quality review. It will be a two-day, in-person event and is scheduled for late April. The training session for the compliance component will take place in June before the compliance reviews begin in early July.

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

Attached: [Appendix C 3 26 2017](#)

Appendix C provides a quarterly update on Fiscal Years 2013, 2014, and 2015 community school audit findings and resolutions that have occurred since the January 2017 report, as well as updates for already-released 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. We have added a new tab to Appendix C to show updates for audits not previously reported.

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, nine FY15, and 64 FY16 community school audit reports since the Department's last report to the USDoE. This includes 62 financial audits and 13 other audits. Table 1 reflects updates for audit reports released through Feb. 28, 2017.

Table 1: Community School Audits – Summary by Type

Fiscal Year	Regular Audit	Single Audit	Other Audits	Total Audits
2016***	45	8	11	64
2015	271	94	22	387
2014	269	95	21	385
2013	243	97	1	341
2012	220	102	1	323
2011	157	155*	1	313
2010	192	131*	4	327
2009	335	**	2	337
2008	320	**	0	320
Total	2,052	679	63	2,797

* 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 11 schools that were not previously reported. Two schools received single audit findings for FY15. Three schools received findings for recovery in FY15. We have updated Table 3 to reflect these numbers.

Table 3 includes 2016 Auditor of State financial audit findings, updates to unresolved issues, and updates for the 2013, 2014 and 2015 reports released during this quarterly reporting period. We have updated Appendix C to include more information for 2013, 2014, 2015 and 2016 audit findings not previously reported, with a summary of the findings and resolutions.

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*	53	0	0	0	0
2015	357	6	0	14	2
2014	351	19	0	11	4
2013	338	25	0	10	1
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	2,701	123	0	198	62

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

* Release of 2016 audits is ongoing

3. Other Audit Findings

The Auditor of State performed one special audit for FY16. There were two other special audits for FY14 and FY15. All audit reports were agreed upon procedures for school closeouts.

Table 4: Special Audits – Summary of Community School Findings

Community School	Type of Audit	Summary of Findings	Status of Findings
Lakewood Digital Academy (FY16)	AUP	No findings.	School closed.
Springfield Academy of Excellence (FY15)	AUP	1) The capital asset listing did not identify the source of funds. 2) The school had not closed all bank accounts or remitted remaining funds to the Department because all transactions had not cleared as of 12/6/16.	School closed.
Pshtecin Public School (FY14)	AUP	1) Findings for recovery of \$62,543 in favor of the Ohio Department of Education due to an FTE review and school closure date. 2) Inability to test student records due to them being unavailable. 3) No other student headcount lists existed that were prepared independently from those responsible for preparing the ADM counts. 4) Inability to confirm students were enrolled due to records not being available. 5) No Board members or treasurer available to sign the representation letter.	School closed. Findings for recovery certified to the Attorney General's Office.

The Auditor of State also performed 10 State Teachers Retirement System and School Employees Retirement System audits. There were no findings for these audits.

4. Summary of Resolutions for Previously Unresolved Findings

The Department received \$34,135.65 toward the \$477,888.99 amount due from Scholarts Preparatory & Career Center for Children. The Department recently received an updated report on the status of findings for recovery being handled by the Attorney General's Office. The status of all unresolved findings in each spreadsheet of Appendix C reflects the current status of each outstanding item.