

February 24, 2021

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 Rea and Associates (formerly 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 February 2, 2021 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:

- Items 2.1(A)(5)(c) – The Department collected copies of the treasurer agreement and surety bond as part of the Request for Information. In the event the applicant did not include the documents, the subgrantees were required to upload the documents into the compliance system. Between the Department's E-grant and Compliance system, the Department had a copy of the agreement and surety bond for all awarded subgrantees.
- Item 2.1(B)(2) – The Department makes an obligation of \$600,000 to eligible Year 1 subgrantees, providing \$350,000 in Year 1 and \$250,000 in Year 2. In the event funds are unspent from the Year 1 award, they are added to the Year 2 award to allow access to a total of \$600,000 to the subgrantee during the twenty-four-month period of performance for the subgrant. In this instance, the two purchases in question were made after June 30th, but prior to September 30th. Due to the delay in releasing the Continuation application to subgrantees due to COVID-19 and the fact the Department's original CSP award ended on September 30th, 2020, the Department allowed subgrantees to continue to charge allowable expenses/obligations against the Year 1 application to ensure there was not a delay in reimbursements to the school and all obligations incurred prior to September 30, 2020 could be charged.
 - The Department believes this flexibility is allowable given the obligations incurred during the twenty-four-month period of performance and this situation is a by-product of the Department's E-grant system and the specific working of the AUP.
 - The specific expenses were allowable and part of the grant application.
- Item 2.1(B)(3) – For testing this procedure, until this point all subgrantees used state

accounting software that produced a report commonly known as a FINDNET that contained the invoice date, coding against the state's Ohio's Uniform School Accounting System (USAS) and the liquidation date. For the subgrantee identified, they do not use state software to track expenses (there is no requirement that a school must use state software for tracking expenses) and uses a third-party software. To ensure expenses were tracked to match the state of coding, the subgrantee provided an excel file with the invoice data and USAS coding to ensure the Department could track expenses back to the approved budget in the Department's E-grant system. The excel file did not include the liquidation date. The subgrantee did provide a copy of the excel file with the liquidation date, however this was provided after the period of the audit. Going forward, the subgrantee will include the liquidation date on the report submitted with each reimbursement request.

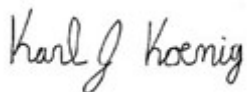
- All expenses were liquidated during the period of performance (as this was a Year 1 subgrantee)
- Going forward, any subgrantee not using state software will be required to submit a comparable report that will include the liquidation date.
- Item 2.1(C)(1)&(2) – Procurement: The Department acknowledges the procurement policies for the subgrantees require technical assistance in order to reference the Procurement standards within Uniform Guidance, however, believe the practice for each of the subgrantees meets the expectations. To provide this technical assistance:
 - The Department will host a training with all subgrantees to review the Procurement standards within Uniform Guidance and request all subgrantees submit revised procurement policies. The training will be conducted the week of February 15th.
 - All five subgrantees will submit revised procurement policies to the Department for review based upon the feedback/recommendations. For the two specific policies mentioned in the report, one submitted an older version of the procurement policy during the review period. The most current policy meets the requirements set forth in the CFR. The second subgrantee was working to revise the policy and will present it to their full board the week of February 22nd.
 - Going forward, the Department will also update the comprehensive plan to have all procurement policies reviewed by a fiscal consultant in addition to the Program Administrator to provide more timely technical assistance.

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 Rea and Associates for its review and feedback to the Department's CSP program.

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

Sincerely,



Karl J. Koenig
Director
Office of Community Schools