

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

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We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Education (“the Department”), Ohio Auditor of State, and the United States Department of Education, to assist the Department in fulfilling its oversight responsibilities related to the application and selection of subgrant recipients, subgrant recipient claims and payments, and monitoring and performance for the Charter Schools Program for the year ending June 30, 2018.

The Department’s management is responsible for the application and selection of subgrant recipients, subgrant recipient claims and payments, and monitoring and performance for the Charter Schools Program. The sufficiency of these procedures is solely the responsibility of the Ohio Department of Education, Ohio Auditor of State, and the United States Department of Education. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and associated findings are as follows:

1. Application & Selection of Subgrant Recipients

1.1 Eligibility

(A)	(1)	Obtain a list of sponsors rated “effective” or “exemplary” overall and rated 'meets standards' or 'exceeds standards' for the quality practices component on the most recent posted sponsor evaluation results, as well as sponsors' ratings for each component and scores for standard D.04 and E.02.
	(2)	Compare the list of CSP applicants with the sponsors to confirm the applicant’s sponsor is rated “effective” or “exemplary” overall.
	(a)	Confirm each applicant’s sponsor is rated “effective” or “exemplary” overall. <i>Finding – We confirmed each CSP applicant's sponsor was rated "effective" or "exemplary" overall.</i>
	(b)	Confirm each applicant’s sponsor is rated as ‘meets standards’ or ‘exceeds standards’ for the quality practices component. <i>Finding – Each of the sponsors we tested for the quality practices component were rated as 'meets standards' or 'exceeds standards.'</i>

	(c)	<p>Confirm each applicant’s sponsor received a score of three or higher on the standards “D.04 Oversight and Evaluation: Report to Schools” and “E.02 Termination and Renewal Decision-Making: Renewal and Non-renewal Decisions” of the quality practices rubric.</p> <p><i>Finding</i> – Neither of the two sponsors we tested scored a three or higher on both the standard “D.04 Oversight and Evaluation: Report to Schools” and “E.02 Termination and Renewal Decision-Making: Renewal and Non-Renewal Decisions.”</p>
	3)	<p>Confirm each applicant’s sponsor that did not score a 3 or better for standards D.04 and E.02 received a rating of “Meet Standards” or “Exceeds Standards” on the adherence to quality practices component of the same evaluation and the sponsor met one of the following combinations of scores:</p> <ul style="list-style-type: none"> o Sponsor earned a score of 2 points on standard D.04 and 2 points on standard E.02; o Sponsor earned 3 points on standard D.04 and 2 points on standard E.02; o Sponsor earned 2 points on standard D.04 and 3 points on standard E.02; o Sponsor earned 3 points on standard D.04, “Not Applicable” on standard E.02 and earned 3 points on standard E.01. o Sponsor earned 2 points on standard D.04, “Not Applicable” on standard E.02 and earned 3 points on standard E.01. <p><i>Finding</i> – The two sponsors that did not score a 3 or better for both standards D.04 and E.02, received a rating of “Meets Standards” or “Exceeds Standards” on the adherence to quality practices component of the same evaluation, and both met one of the above combination of scores.</p>
	4)	<p>Confirm that an applicant’s sponsor met the eligibility criteria to submit a corrective action plan (CAP) and that applicant’s sponsor submitted a CAP and received approval based on successful implementation of the CAP.</p> <p><i>Finding</i> – The two sponsors met the eligibility criteria to submit a CAP, and both submitted a CAP and received approval based on successful implementation of the CAP.</p>

1.2 Public Awareness

(A)	(1)	Obtain copies of communications sent to stakeholders and observe the website.
	(a)	<p>Confirm communications were sent to multiple stakeholders and document in the finding the types of stakeholders (e.g., sponsors, schools, or other organizations).</p> <p><i>Finding</i> – We confirmed communications were sent to multiple stakeholders. The Department’s EdConnection newsletter is emailed to various subscriber groups. In addition, the Department emailed various Ohio Ed updates to Community School Principals, Sponsors, Superintendents, and Treasurers. The Department’s website and social media accounts are available to any stakeholders who view or subscribe to them.</p>
	(b)	<p>Confirm communications were made available through a variety of means and document in the finding which means the Department used.</p> <p><i>Finding</i> – We confirmed communications were made available through a variety of means, including the Department’s website, various Ohio Ed Updates sent via email, and the Department’s, Twitter, Instagram, and LinkedIn accounts.</p>

		(c)	<p>Confirm the date of the communications’ release is at least six to eight weeks prior to the deadline for applicants to prepare and submit applications</p> <p><i>Finding</i> – We confirmed the above communications were released starting at least six to eight weeks prior to the May 21, 2018 deadline for applicants to prepare and submit applications.</p>
		(d)	<p>Confirm CSP information is posted on the Department’s website.</p> <p><i>Finding</i> – We observed the Department’s website and confirmed CSP information is posted.</p>
(B)	(1)		Obtain the training schedule and observe the Department’s website for posted webinars.
		(a)	<p>Confirm the training schedule and webinars were posted.</p> <p><i>Finding</i> – We confirmed the Department posted information regarding the April 19, 2018 in-person application training it offered. The Department also posted the Powerpoint slide presentations for the in-person training to its website. The Department had several Grant Training Videos posted to its website.</p>
	(2)		Obtain the STARS registration information
		(a)	<p>Confirm in-person trainings were offered (not mandatory for potential applicants).</p> <p><i>Finding</i> – We inspected training registration documentation and confirmed the April 19, 2018 in-person application training was offered.</p>

1.3 Peer Reviewer Selection and Training

(A)	(1)		Obtain the minimum and preferred qualifications used to rank Peer Reviewers.
	(2)		Obtain additional information if applicable used to vet the applicants.
	(3)		Obtain a list of selected Peer Reviewers.
		(a)	<p>Confirm the use of a resume review team to select reviewers.</p> <p><i>Finding</i> – We confirmed the Department used a resume review team to select Peer Reviewers.</p>
		(b)	<p>Confirm Peer Reviewers were selected using minimum and/or preferred qualifications.</p> <p><i>Finding</i> – We confirmed the resume review team used minimum and preferred qualifications to select Peer Reviewers.</p>
		(c)	<p>Confirm receipt of conflict of interest statements for each selected Peer Reviewer.</p> <p><i>Finding</i> – We confirmed each selected Peer Reviewer provided the Department with a signed conflict of interest statement.</p>

		(d)	<p>Inspect each conflict of interest statement and, based on the information included, confirm no conflicts exist for each selected Peer Reviewer.</p> <p><i>Finding</i> – We inspected each conflict of interest statement and, based on the information included, confirmed no conflicts of interest existed for any of the selected Peer Reviewers.</p>
(B)	(1)		Obtain a list of selected Peer Reviewers.
			Obtain a list of trainings required by the Department and log-in information.
		(a)	<p>Confirm that all Peer Reviewers attended the required webinar(s).</p> <p><i>Finding</i> – We confirmed each selected Peer Reviewer attended the training required by the Department.</p>

1.4 Application Reviewer and Scoring

(A)	(1)		<p>Obtain the Department’s established technical review procedures and confirm the Department completed a technical review for each CSP subgrant applicant.</p> <p><i>Finding</i> – We confirmed the Department completed a technical review for each CSP subgrant applicant.</p>
(B)	(1)		Obtain the Peer Reviewer’s scoring rubric for each CSP applicant awarded a subgrant.
		(a)	<p>Confirm the Peer Reviewer rated the applicant using the Department’s CSP subgrant evaluation rubric.</p> <p><i>Finding</i> – We confirmed the Peer Reviewers rated each applicant using the Department’s CSP subgrant evaluation rubric.</p>
		(b)	<p>Confirm the accuracy of the scoring rubric by recalculating scoring data.</p> <p><i>Finding</i> – We confirmed the accuracy of the scoring rubric by recalculating scoring data.</p>
(c)	(1)		<p>Using the Peer Reviewer’s scoring rubric in (B), confirm the rating indicates that the budget review was completed.</p> <p><i>Finding</i> – We confirmed each subgrant application was rated by each Peer Reviewer for the budget review eligibility requirement, indicating the budget review was completed.</p>

1.5 Grant Selection and Award

(A)	(1)	By inspecting meeting minute notes, confirm the Data Governance Committee reviewed the subgrantee selection process. <i>Finding – We inspected meeting minute notes and confirmed the Data Governance Committee reviewed the subgrantee selection process.</i>
	(2)	Confirm the amount awarded is in accordance with the established amounts for the type of grant awarded (planning, implementation year 1, or implementation year 2) <i>Finding – We confirmed the amount awarded during the monitoring period to each subgrantee was in accordance with the established amounts for the type of grant awarded.</i>
(B)	(1)	Obtain the training registration lists.
	(a)	Confirm that each awarded subgrantee attended a training session. <i>Finding – We confirmed one or more representatives from each awarded subgrantee attended a CSP grant awardee training session during this monitoring period, on July 26, 2017.</i>

2. Grant Recipient Claims and Payments

2.1 Grant Recipient Claims – Allowable Activities

(A)	(1)	<p>Obtain a representative number of payment cash requests to include at least one PCR for each subgrantee; 100% or a maximum of 60 PCRs, whichever is lower, from the CCIP to determine documentation of reimbursement.</p> <p><i>Finding</i> – Based on the above criteria, we selected 13 PCRs.</p>
	(a)	<p>Inspect budget to ensure program approval.</p> <p><i>Finding</i> – We inspected the budget for each subgrant to ensure program approval.</p>
	(b)	<p>Inspect documentation for program expenditures to confirm that educational services that were approved in the budget were provided.</p> <p><i>Finding</i> – For each PCR selected, we inspected documentation for program expenditures and confirmed that educational services that were approved in the budget were provided.</p>
	(c)	<p>Trace the amounts reported on the PCR to the district’s accounting system report. Determine that the amounts reported on the PCR are supported by subrecipient accounting records.</p> <p><i>Finding</i> – For each PCR selected, we traced the amounts reported on the PCR to the subgrantee’s accounting system report, and we determined that the amounts reported on the PCR were supported by subrecipient accounting records.</p>
	(2)	<p>From the subrecipient’s accounting record obtained in (1c) above, select a representative number of expenditures equal to at least 50% of the expenditures from the selected PCRs to determine whether the subgrantee charged allowable costs in accordance with 2 CFR 200 and 20 USC 7221 to the program, including:</p>
	(a)	<p>For payroll charges,</p>
	i.	<p>Confirm whether the subgrantee maintained time and effort documentation for split funded employees in accordance with 2 CFR 200.</p> <p><i>Finding</i> – For payroll charges, we confirmed the subgrantee maintained time and effort documentation for split funded employees in accordance with 2 CFR 200.</p>
	(b)	<p>Confirm the subgrantee spent funds on activities supported in the approved application and whether the transaction was within the budgeted time frame. (i.e., did not incur expenses prior to a budget revision).</p> <p><i>Finding</i> – We confirmed the subgrantee spent funds on activities supported in the approved application and the transaction was within the budgeted time frame.</p>
	(c)	<p>Confirm whether the activities served the planning, program design or initial implementation of the charter school as indicated in the approved application.</p> <p><i>Finding</i> – We confirmed the activities served the planning, program design or initial implementation of the charter school as indicated in the approved application.</p>

		<p>(d) Confirm whether the expenditure served a proper public purpose as established by the allowable program costs described in 20 USC 7221.</p> <p><i>Finding</i> – We confirmed the expenditure served a proper public purpose as established by the allowable program costs described in 20 USC 7221.</p>
		<p>(e) Confirm whether the expenditure charged to the proper fund (fund 599), function and object.</p> <p><i>Finding</i> – We confirmed the expenditure was charged to the proper fund (fund 599), function and object within the subgrantee’s accounting system. We noted one exception in that one subgrantee, Southwest Ohio Preparatory School recorded certain expenditures totaling \$152,454 in fund 499, instead of 599.</p>
		<p>(f) Confirm whether the expenditure conformed to standard cost principles pursuant to 2 CFR 200, such as:</p> <ul style="list-style-type: none"> i. Necessary and reasonable for the performance of the Federal award and allocable under the principles of 2 CFR part 200, subpart E. ii. Conform to any exclusions or limitations set forth in 2 CFR part 200, subpart E, or in the Federal award as to the types or amount of cost items. iii. Consistent with policies and procedures that apply uniformly to both federally financed and other state or local activities iv. Accorded consistent treatment. Costs were not assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances was allocated to the Federal award as an indirect cost. v. Not included as a cost of any other federally financed program in either the current or a prior period. vi. Not used to meet the cost-sharing or matching requirements of another Federal program, except those authorized by Federal statute. vii. Adequately documented. <p><i>Finding</i> – We confirmed the expenditure conformed to standard cost principles pursuant to 2 CFR 200, as listed in the procedure above.</p>
		<p>(3) Did the expenditure comply with specific allowable costs requirement under the Charter School Program, 20 USC 7221, such as:</p> <ul style="list-style-type: none"> a) Post Award Planning costs which may include: <ul style="list-style-type: none"> I. A refinement of the desired educational results, II. Developing methods for measuring progress toward achieving those results, III. Professional development of teachers and other staff who will work in the charter school. b) Initial implementation costs which may include: <ul style="list-style-type: none"> I. Informing the community about the school, II. Acquire necessary equipment and educational materials and supplies, and III. Acquiring or developing curriculum materials. c) Other initial operational costs that cannot be met from State or local sources: <ul style="list-style-type: none"> I. Costs associated with creating and implementing office functions, such as accounting systems, attendance and registration systems, and human resources policies, II. Costs associated with the installation of computers, data systems, networks, and telephones,

		<p>III. Personnel expenses incurred either before or after the school’s opening, provided that these expenses are associated with initial implementation activities,</p> <p>IV. If Personal expenses were incurred did the charter school maintain accurate time and effort records in accordance with the school’s established (and, if applicable, approved by the Department) time and effort reporting system.</p> <p>V. Rental or occupancy costs for the school facility for a reasonable period of time (July 1, or the subgrant award date, through September 30 of the same year) in preparation for the school’s opening.</p> <p>VI. If equipment was purchased, confirm it was included in the approved application and budget for the grant.</p> <p><i>Finding</i> – We confirmed the expenditure complied with specific allowable costs requirements under the Charter School Program, 20 USC 7221, such as post award planning costs, initial implementation costs, or other initial operational costs that cannot be met from State or local sources, as described in the procedure above.</p>
	(4)	<p>A non-profit charter school receiving CSP may enter into a contract with a for profit CMO or EMO; ensure, the following were in place,</p> <p>a) Obtain and inspect the contract, determine if the non-profit charter school is the subgrant recipient and directly administers or supervises the administration the CSP project.</p> <p><i>Finding</i> – We inspected each contract and determined the non-profit charter school was the subgrant recipient, which directly administers or supervises the administration of the CSP project.</p>
	(5)	<p>Grantee must avoid apparent and actual conflicts of interests when administering grants. A charter school must maintain independence from the for-profit management company and sponsor, determine whether the Department documented the following,</p> <p>a) The Department verified that members of the charter’s school’s governing board are not selected by or includes employees of the for-profit CMO or EMO.</p> <p><i>Finding</i> – As part of its compliance monitoring review, the Department verified that members of the charter school's governing board were not selected by or include employees of the for-profit CMO or EMO.</p> <p>b) The Department verified the charter school’s attorney, accountant and audit firm are independent from the for-profit CMO or EMO in accordance with Ohio Revised Code 3314.03(A)(31).</p> <p><i>Finding</i> – As part of its compliance monitoring review, the Department verified the charter school's attorney, accountant, and audit firm (if selected) were independent from the for-profit CMO or EMO in accordance with Ohio Revised Code 3314.03(A)(31).</p> <p>c) The Department verified that the school's fiscal officer obtained a surety bond and that the treasurer is employed directly by the governing authority unless the governing authority adopts a resolution waiving the requirement and the school's sponsor approves the resolution.</p> <p><i>Finding</i> – As part of its sponsor evaluation process, the Department requires sponsors to provide copies of fiscal officer surety bonds for each of the sponsor's schools. However, there was no evidence the Department reviewed the surety bonds for compliance with this CSP grant requirement.</p>

		<p>As part of its sponsor evaluation process and subgrantee application process, the Department obtains copies of the contract between each school and its Treasurer. For one subgrantee, the Department provided evidence it reviewed the contract and verified the school’s Treasurer is employed directly by the governing authority. For the other two subgrantees, there was no evidence the Department reviewed the contracts for compliance with this CSP grant requirement.</p>
	d)	<p>The Department verified the contract between the charter school and the CMO or EMO is an “arm’s length” agreement which clearly describes each parties rights and responsibilities and specifies reasonable and feasible terms under which either party may terminate the contract. See part 4.76.8.8.2 of the IRS’ Internal Revenue Manual.</p> <p><i>Finding</i> – As part of its compliance monitoring review, the Department verified the contract between the charter school and the CMO or EMO was an “arm’s length” agreement which clearly describes each parties rights and responsibilities and specifies reasonable and feasible terms under which either party may terminate the contract.</p>
	e)	<p>The Department verified the fee paid to the CMO or EMO is reasonable for the type of management services provided.</p> <p><i>Finding</i> – As part of its compliance monitoring review, the Department verified the fee paid to each school’s CMO or EMO was reasonable for the type of management services provided.</p>
	f)	<p>The Department verified whether other agreements between the charter school and for-profit CMO or EMO are fair and reasonable, documented appropriately, align with market rates, and include terms that will not change if the management contract is terminated.</p> <p><i>Finding</i> – As part of its compliance monitoring review, when applicable, the Department verified whether other agreements between the charter school and for-profit CMO or EMO are fair and reasonable, documented appropriately, align with market rates, and include terms that will not change if the management contract is terminated.</p>
	g)	<p>The Department verified the charter school’s governing board does not include any employees of the sponsor or members of a school district board of education in accordance with Ohio Revised Code 3313.131 and 3314.02(E)(6) and (8).</p> <p><i>Finding</i> – As part of its compliance monitoring review, the Department verified the charter school’s governing board did not include any employees of the sponsor or members of a school district board of education in accordance with Ohio Revised Code 3313.131 and 3314.02(E)(6) and (8).</p>
(B)	<p>Period of Availability – Using the representative number of PCRs selected for (A)(1) above determine that:</p> <p><i>Finding</i> – Using the representative number of PCRs selected for (A)(1) above, we determined the following:</p>	
	(1)	<p>Obligations (as defined in the Department of Education Cross-Cutting Section of the OMB Compliance Supplement) were incurred after the initial substantial approval date.</p>

		<p><i>Finding</i> – We determined obligations (as defined in the Department of Education Cross-Cutting Section of the OMB Compliance Supplement) were incurred after the initial substantial approval date.</p>
	(2)	<p>Obligations were incurred before the end of the project period. (June 30 or other ending date specified in the project application).</p> <p><i>Finding</i> – We determined obligations were incurred before the end of the project period. (June 30 or other ending date specified in the project application).</p>
	(3)	<p>Obligation was liquidated not later than 60 days after the end of the project (for paper projects) or 90 days after the end of the period for CCIP projects.</p> <p><i>Finding</i> – We determined obligations were liquidated not later than 60 days after the end of the project (for paper projects) or 90 days after the end of the period for CCIP projects. All were CCIP projects.</p>
	(4)	<p>For activities revised after the approved original budget, the obligation occurred subsequent to the approval by the Department for the revision.</p> <p><i>Finding</i> – We determined there were no revisions to the approved original budget for any of the subgrantees; thus, this procedure is not applicable.</p>
	(5)	<p>Based on the procedures performed, report all discrepancies noted on the Exception listing for the on-site review.</p> <p><i>Finding</i> – Based on the procedures performed, we did not note any discrepancies.</p>
(C)	(1)	<p>1) Obtain and inspect all the subgrantees’ procurement policies and standards. Determine if the policy includes:</p> <ul style="list-style-type: none"> a) Procurement Standards of Conduct for Recipients b) Procurement Standards of Conduct for Non-Federal Entities, including subrecipients c) Procurement procedures includes required standards outlined in 2CFR 200.317 thru 200.326. <p><i>Finding</i> – We inspected each subgrantee’s procurement policy and standards in place during the monitoring period. None of the three procurement policies contained specific procurement standards of conduct and none included the required standards outlined in 2 CFR 200.317 thru 200.326. One subgrantee submitted a revised procurement policy that included the required standards outlined in 2 CFR 200.317 thru 200.326, but it was not approved and implemented until May 2018, after all obligations had been incurred for the monitoring period.</p>
	(2)	<p>Obtain a list of subgrantees who contract with an operator (Management Company). Confirm that the subgrantee implemented its procurement policy.</p> <p><i>Finding</i> – Each of the three subgrantees contracted with an operator (Management Company); however, none of the subgrantees implemented their procurement policy.</p>
	(3)	<p>Obtain each subgrantee’s budget from the CCIP. Confirm whether funds were budgeted for Purchased services.</p> <p><i>Finding</i> – We confirmed all three subgrantees had funds budgeted for purchased services.</p>

	<p>(4) Select a representative number of procurements for purchased services equal to at least 50% of procurements from the previously selected PCRs,</p> <ul style="list-style-type: none"> a) Confirm procurement policies were followed b) Was conflict of interest considered c) Full and Open Competition d) Methods of procurement followed e) Cost or price analysis completed <p><i>Finding</i> – The procurement policies for two of the subgrantees only required the schools to seek bids on purchases of more than \$25,000 for a single item. From the selected PCRs, we did not identify any procurement transactions exceeding this \$25,000 threshold. The procurement policy for the third subgrantee did not include any requirement to seek bids. Accordingly, for the three subgrantees, we were unable to confirm procurement policies were followed in regard to conflict of interest, full and open competition, method of procurement, or cost or price analysis.</p>
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2.2 Cash Management

(A)	<p>(1) Obtain and inspect the Department’s Office of Payment and Analysis Cash Management Policy. Determine if it is current to the requirements set forth in the Uniform Guidance (2 CFR 200).</p> <p><i>Finding</i> – We inspected the Department’s Cash Management Policy and determined it is current with the requirements set forth in the Uniform Guidance (2 CFR 200).</p>						
(B)	<p>Obtain a representative number of payment cash requests, to include at least one PCR for each subgrantee; 100% or a maximum of 60 whichever is lower, from the CCIP to determine documentation of reimbursement. Use the same PCRs previously selected for section 2.1.</p> <p><i>Finding</i> – Using the same PCRs we previously selected for section 2.1, we performed the following:</p> <table border="1" data-bbox="305 1291 1482 1848"> <tr> <td data-bbox="305 1291 365 1480">(1)</td> <td data-bbox="365 1291 1482 1480"> <p>Observe the “Fiscal Information as of date” on the PCRs to determine when the expenses were incurred.</p> <p><i>Finding</i> – We observed the "Fiscal information as of date" on each PCR to determine when the expenses were incurred.</p> </td> </tr> <tr> <td data-bbox="305 1480 365 1627">(2)</td> <td data-bbox="365 1480 1482 1627"> <p>Inspect the uploaded support documentation to ensure the expenses were incurred.</p> <p><i>Finding</i> – We inspected the uploaded support documentation to ensure the expenses were incurred.</p> </td> </tr> <tr> <td data-bbox="305 1627 365 1848">(3)</td> <td data-bbox="365 1627 1482 1848"> <p>Trace the total expenditures amounts to the entity’s records and confirm the expenditures reported are traceable to the entity’s accounting system as of the date noted on the payment cash request.</p> <p><i>Finding</i> – We traced the total expenditure amounts to the entity’s records and confirmed the expenditures reported are traceable to the entity’s accounting system as of the date noted on the PCR.</p> </td> </tr> </table>	(1)	<p>Observe the “Fiscal Information as of date” on the PCRs to determine when the expenses were incurred.</p> <p><i>Finding</i> – We observed the "Fiscal information as of date" on each PCR to determine when the expenses were incurred.</p>	(2)	<p>Inspect the uploaded support documentation to ensure the expenses were incurred.</p> <p><i>Finding</i> – We inspected the uploaded support documentation to ensure the expenses were incurred.</p>	(3)	<p>Trace the total expenditures amounts to the entity’s records and confirm the expenditures reported are traceable to the entity’s accounting system as of the date noted on the payment cash request.</p> <p><i>Finding</i> – We traced the total expenditure amounts to the entity’s records and confirmed the expenditures reported are traceable to the entity’s accounting system as of the date noted on the PCR.</p>
(1)	<p>Observe the “Fiscal Information as of date” on the PCRs to determine when the expenses were incurred.</p> <p><i>Finding</i> – We observed the "Fiscal information as of date" on each PCR to determine when the expenses were incurred.</p>						
(2)	<p>Inspect the uploaded support documentation to ensure the expenses were incurred.</p> <p><i>Finding</i> – We inspected the uploaded support documentation to ensure the expenses were incurred.</p>						
(3)	<p>Trace the total expenditures amounts to the entity’s records and confirm the expenditures reported are traceable to the entity’s accounting system as of the date noted on the payment cash request.</p> <p><i>Finding</i> – We traced the total expenditure amounts to the entity’s records and confirmed the expenditures reported are traceable to the entity’s accounting system as of the date noted on the PCR.</p>						

(C)	(1)	Test a representative number to include at least one for each subgrantee; 100% or a maximum of 60 whichever is lower, for CSP federal draws from the State’s accounting system. <i>Finding</i> – Based on the above criteria, we selected 13 CSP federal draws.		
	a)	Obtain a copy of the draw documentation that has been scanned and attached to the deposit in the State’s accounting system. <i>Finding</i> – We determined draw documentation was scanned and attached to the deposit in the State’s accounting system.		
	b)	Obtain a copy of the general ledger that shows the draw (revenue) and corresponding vouchers (payments) to confirm funds were deposited and disbursed. <i>Finding</i> – From the copy of the general ledger that shows the draw (revenue) and corresponding vouchers (payments), we confirmed funds were deposited and disbursed.		
	c)	Obtain a screen shot for the vouchers showing the “payment date” from the accounting system. <i>Finding</i> – We compared the “treasurer approved date” on the deposit documentation with the related voucher’s “payment date” from the accounting system. With the following exceptions, we determined the difference was five days or less:		
	(2)	Compare the “treasurer approved date” on the deposit documentation with the related voucher’s “payment date”, the difference should be five days or less. The Auditor of State (AOS) uses the payment date to measure compliance with CMIA. <i>Finding</i> – We compared the “treasurer approved date” on the deposit documentation with the related voucher’s “payment date” from the accounting system. With the exceptions in the following table, we determined the difference was five days or less.		
		Voucher Invoice ID	Monetary Amount	Difference: Voucher Payment Date vs. Treasurer of State Date
		40G18C18	(\$30,535.72)	6
		40G34K18	(\$56,926.34)	6
		40G9J318	(\$59,886.14)	7
		40GH5F18	(\$25,657.33)	10
		40GT4Q18	(\$30,122.48)	6
(D)	(1)	Observe the Department’s federal draw policies and procedures to ensure accurate financial data is recorded, reported and properly authorized. <i>Finding</i> – We observed the Department’s federal draw policies and procedures to ensure accurate financial data is recorded, reported, and properly authorized.		
	(2)	Use the CSP draws selected in (C) (1) above attached to the deposit in the State’s accounting system, and <i>Finding</i> – Using the CSP draws we selected in (C) (1) above, and documentation attached to the deposit in the State’s accounting system, we performed the following:		

	a)	<p>Inspect documents for completeness and compliance with document procedures.</p> <p><i>Finding</i> – We inspected documents for each draw and determined they were complete and in compliance with document procedures.</p>
	b)	<p>Inspect documents for appropriate authorization in accordance with the Department’s federal draw policies and procedures.</p> <p><i>Finding</i> – We inspected documents for each draw and determined there was appropriate authorization in accordance with the Department’s federal draw policies and procedures.</p>
	(3)	<p>Obtain a copy of the daily federal draw reconciliation for related draws pulled for the process review in step 2 above. Inspect for completeness and accuracy. Confirm that discrepancies were reported to the proper manager and issues were corrected.</p> <p><i>Finding</i> – We were unable to obtain and inspect daily federal draw reconciliations for the process review in step 2 above. According to the Department, they decided to remove the CSP draws from the standard draw process to facilitate the "route payment" requirement for USDE approval. The route payment process needs approval from the grants analyst, the CSP grants manager, the Department's CFO, and USDE. The route payment process, unlike the standard federal draw process, draws for a single PCR and is deposited into only one fund. When each draw is made, the financial analyst drawing funds confirms the state accounts are in balance with a zero-cash balance.</p>
(E)		<p>Use the CSP draws selected in (C) (1) above attached to the deposit in the State’s accounting system and</p> <p><i>Finding</i> – Using the CSP draws we selected in (C) (1) above, and documentation attached to the deposit in the State's accounting system, we performed the following:</p>
	(1)	<p>Inspect to ensure proper documentation as defined in the Department’s federal draw policies and procedures was sent to USDE justifying the draw of CSP funds.</p> <p><i>Finding</i> – We inspected each draw and determined proper documentation as defined in the Department’s federal draw policies and procedures was sent to USDE justifying the draw of CSP funds.</p>
	(2)	<p>Inspect the CSP draws to ensure USDE approved the draw.</p> <p><i>Finding</i> – We inspected each draw and determined USDE approved the draw.</p>
	(3)	<p>Inspect documents to ensure the Treasurer of State approval date is after USDE approval.</p> <p><i>Finding</i> – We inspected documents for each draw and determined the Treasurer of State approval date is after USDE approval.</p>

3. Monitoring and Performance

3.1 Sponsor’s Monitoring of the Subgrantee

(A)	(1)	<p>Confirm whether the Department obtained a list of all subgrantees and their sponsors.</p> <p><i>Finding</i> – We confirmed the Department obtained a list of all subgrantees and their sponsors.</p>
	(2)	<p>Confirm whether the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the sponsor quality practices rubric.</p> <p><i>Finding</i> – We confirmed the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the sponsor quality practices rubric.</p>
	(3)	<p>If the subgrantee sponsors did not meet the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the quality practices rubric for the most recent annual sponsor evaluation:</p>
	a)	<p>Confirm whether the Department drafted individualized corrective action plans for each deficient sponsor, including a summary letter.</p> <p><i>Finding</i> – One subgrantee sponsor, Buckeye Community Hope Foundation, did not meet the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the quality practices rubric for the most recent annual sponsor evaluation; however, the Department did not draft an individualized corrective action plan and summary letter for the D.02 standard for this sponsor.</p>
	b)	<p>Confirm whether the Department sent each deficient sponsor the corrective action plan and summary letter via email.</p> <p><i>Finding</i> – One subgrantee sponsor, Buckeye Community Hope Foundation, did not meet the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the quality practices rubric for the most recent annual sponsor evaluation; however, the Department did not send the corrective action plan and summary letter for the D.02 standard for this sponsor.</p>
(B)	(1)	<p>Confirm whether the Department obtained a list of all subgrantees and their sponsors.</p> <p><i>Finding</i> – We confirmed the Department obtained a list of all subgrantees and their sponsors.</p>
	(2)	<p>Confirm whether the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standards D.02 (Enrollment and Financial Reviews) and D.05 (Performance Monitoring) of the sponsor quality practices rubric.</p> <p><i>Finding</i> – We confirmed the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standard D.02 (Enrollment</p>

		and Financial Reviews) and D.05 (Performance Monitoring) of the sponsor quality practices rubric.
	(3)	If the subgrantee sponsors did not meet the 3-Point Requirements for Standards D.02 (Enrollment and Financial Reviews) and D.05 (Performance Monitoring) of the quality practices rubric for the most recent annual sponsor evaluation:
	a)	<p>Confirm whether the Department drafted individualized corrective action plans for each deficient sponsor, including a summary letter.</p> <p><i>Finding</i> – One subgrantee sponsor, Buckeye Community Hope Foundation, did not meet the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the quality practices rubric for the most recent annual sponsor evaluation; however, the Department did not draft an individualized corrective action plan and summary letter for the D.02 standard for this sponsor.</p>
	b)	<p>Confirm whether the Department sent each deficient sponsor the corrective action plan and summary letter via email.</p> <p><i>Finding</i> – One subgrantee sponsor, Buckeye Community Hope Foundation, did not meet the 3-Point Requirements for Standard D.02 (Enrollment and Financial Reviews) of the quality practices rubric for the most recent annual sponsor evaluation; however, the Department did not send the corrective action plan and summary letter for the D.02 standard for this sponsor.</p>
(C)	(1)	<p>Confirm whether the Department obtained a list of all subgrantees and their sponsors.</p> <p><i>Finding</i> – We confirmed the Department obtained a list of all subgrantees and their sponsors.</p>
	(2)	<p>Confirm whether the Department reviewed the Sponsor Evaluation summary worksheet for the most recent sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standards D.03 (Onsite Visits) and D.04 (Site Visit Reports) of the quality practices rubric.</p> <p><i>Finding</i> – We confirmed the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standards D.03 (Onsite Visits) and D.04 (Site Visit Reports) of the sponsor quality practices rubric.</p>
	(3)	If the subgrantee sponsors did not meet the 3-Point Requirements for Standards D.03 (Onsite Visits) and D.04 (Site Visit Reports) of the quality practices rubric for the most recent annual sponsor evaluation:
	a)	<p>Confirm whether the Department drafted individualized corrective action plans for each deficient sponsor, including a summary letter.</p> <p><i>Finding</i> – One subgrantee sponsor, St. Aloysius Orphanage, did not meet the 3-Point Requirements for Standard D.04 (Site Visit Reports) of the quality practices rubric for the most recent annual sponsor evaluation. The Department drafted an individualized corrective action plan and summary letter for the D.04 standard for this sponsor.</p>
	b)	<p>Confirm whether the Department sent each deficient sponsor the corrective action plan and summary letter via email.</p>

			<i>Finding</i> – One subgrantee sponsor, St. Aloysius Orphanage, did not meet the 3-Point Requirements for Standard D.04 (Site Visit Reports) of the quality practices rubric for the most recent annual sponsor evaluation. We confirmed the corrective action plan and summary letter were sent via email for the D.04 standard for this sponsor.
(D)	(1)	Confirm whether the Department obtain a list of all subgrantees and their sponsors. <i>Finding</i> – We confirmed the Department obtained a list of all subgrantees and their sponsors.	
	(2)	Confirm whether the Department reviewed the Sponsor Evaluation summary worksheet for the most recent sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standard D.07 (Reports) of the quality practices rubric. <i>Finding</i> – We confirmed the Department reviewed the Sponsor Evaluation summary worksheet for the most recent annual sponsor evaluation to identify subgrant awardee sponsors that did not meet at least the 3-Point Requirements for Standard D.07 (Reports) of the sponsor quality practices rubric.	
	(3)	If the subgrantee sponsors did not meet the 3-Point Requirements for Standard D.07 (Reports) of the quality practices rubric for the most recent annual sponsor evaluation:	
	a)	Confirm whether the Department drafted individualized corrective action plans for each deficient sponsor, including a summary letter. <i>Finding</i> – We confirmed whether the Department drafted individualized corrective action plans for each deficient sponsor, including a summary letter. There were no deficient subgrantee sponsors.	b)

3.2 Subgrantee Monitoring

(A)	(1)	Obtain and observe a copy of the Department’s Community School Program subrecipient listing. From the Community School Program listing, select 100% of schools receiving the CSP grant. Determine the following:	
	a)	Confirm whether the Department imposed reimbursement as a specific subaward condition. (Reimbursement) Go to the school PCR Summary page within the CCIP. <i>Finding</i> – The Department did not formally impose reimbursement as a specific subaward condition within the CCIP. According to the Department "Ohio’s High-Risk Special Condition #1 requires that all requests be on route payment, which requires additional steps/time in order to process PCRs for CSP subgrantees. Although, there is not a formalized process to impose reimbursement only, the practice (given route payment) had that effect."	

			<p>i. For the previously selected PCRs, determined if the schools submitted documentation with each Cash Request before request is approved.</p> <p><i>Finding</i> – For the previously selected PCRs, we determined the schools submitted documentation with each PRC before the request was approved.</p>
(B)	<p>Trace each school listed on the subrecipient list to the Department’s Compliance System and determine the following,</p> <p><i>Finding</i> – We traced each school on the subrecipient list to the Department’s Compliance System and determined the following:</p>		
	(1)	<p>Document the status of the fall desk review or spring site visit.</p> <p><i>Finding</i> – Both the fall desk review and spring site visits were completed for all three subgrantees on the subrecipient list.</p>	
	(2)	<p>Confirm whether the monitoring protocol was followed in terms of identifying the universe/sample.</p> <p><i>Finding</i> – We confirmed the Department followed the monitoring protocol.</p>	
	(3)	<p>Confirm whether a monitoring review was scheduled and completed.</p> <p><i>Finding</i> – We confirmed monitoring reviews were scheduled and completed for all three subgrantees on the subrecipient list.</p>	
	(4)	<p>Confirm whether the school uploaded the required support documentation for review.</p> <p><i>Finding</i> – We confirmed each of the schools uploaded the required support.</p>	
	(5)	<p>Confirm whether the monitoring review noted issues that require a Corrective Action Plan (CAP).</p> <p><i>Finding</i> – We confirmed the monitoring review noted issues that require a Corrective Action Plan for each of the three subgrantees.</p>	
	(6)	<p>Confirm whether or not technical assistance was noted and/or provided during the review. If so, confirm there is evidence the technical assistance was completed.</p> <p><i>Finding</i> – We confirmed technical assistance was noted and provided for one subgrantee, and we confirmed the technical assistance was completed.</p>	
(C)	<p>Trace each school listed on the subrecipient list to the Department’s Compliance System and</p> <p><i>Finding</i> – We traced each school on the subrecipient list to the Department’s Compliance System and determined the following:</p>		
	(1)	<p>Confirm an audit was completed and submitted to the Ohio Auditor of State, and, if applicable, to the Federal Audit Clearinghouse.</p> <p><i>Finding</i> – We confirmed all three subgrantees on the subrecipient list were start-up schools in their first year of operation for the year ended June 30, 2018. Accordingly, no audit has been completed yet, and this procedure is not applicable.</p>	

	(2)	<p>Confirm whether audit findings were reported. If so document the titles of the audit and findings and indicate whether they were financial (GAGAS), or Uniform Guidance findings.</p> <p><i>Finding</i> – We confirmed all three subgrantees on the subrecipient list were start-up schools in their first year of operation for the year ended June 30, 2018. Accordingly, no audit has been completed yet, and this procedure is not applicable.</p>																
	(3)	<p>Confirm whether a Corrective Action Plan was completed, if required. If a refund was required, confirm whether it was submitted.</p> <p><i>Finding</i> – We confirmed all three subgrantees on the subrecipient list were start-up schools in their first year of operation for the year ended June 30, 2018. Accordingly, no audit has been completed yet, and this procedure is not applicable.</p>																
(D)	(1)	<p><u>Process for the Planning Subgrantees:</u> Obtain a list of all planning subgrantees and their sponsors. Crossmatch the subgrantees on the list to the Departments Compliance System. Inspect the fall desk reviews and spring site visits from all planning subgrantees and determine,</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p> <table border="1" data-bbox="365 919 1482 1751"> <tr> <td data-bbox="365 919 430 1136">a)</td> <td data-bbox="430 919 1482 1136"> <p>Confirm whether the Department collected evidence from multiple sources (e.g., narratives, uploaded documentation, interviews, etc.) when completing the program evaluation rubric to confirm that the subgrantee is doing the following:</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p> </td> </tr> <tr> <td data-bbox="365 1136 430 1751">b)</td> <td data-bbox="430 1136 1482 1751"> <table border="1" data-bbox="430 1136 1482 1751"> <tr> <td data-bbox="430 1136 495 1289">i.</td> <td data-bbox="495 1136 1482 1289"> <p>implementing the grant activities as measured by the program evaluation rubric;</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p> </td> </tr> <tr> <td data-bbox="430 1289 495 1442">ii.</td> <td data-bbox="495 1289 1482 1442"> <p>complying with agreed upon assurances in the grant;</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p> </td> </tr> <tr> <td data-bbox="430 1442 495 1596">iii.</td> <td data-bbox="495 1442 1482 1596"> <p>using financial controls to successfully manage the grant program; 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			<p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p>
		b.	<p>Informed the students in the community about the school; and</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p>
		c.	<p>Avoided apparent and actual conflicts of interest when administering the grant.</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p>
		d)	<p>If the Department noted deficiencies, confirm whether a formal follow-up or corrective action plan was required of the subgrantee.</p> <p><i>Finding</i> – We reviewed the list of subgrantees and determined there were no planning subgrantees, so this procedure is not applicable.</p>
	(2)	<p><u>Process for Year 1 and Year 2 Implementation Subgrantees:</u> Obtain a list of all Year 1 and Year 2 subgrantees and their sponsors. Crossmatch the subgrantees on the list to the Department's Compliance System. Inspect the fall desk reviews and spring site visits from all implementation grantees and determine,</p> <p><i>Finding</i> – We crossmatched the subgrantees on the list to the Department's Compliance System and inspected the fall desk reviews and spring site visits from all implementation subgrantees.</p>	
		a)	<p>Confirm whether the Department collected evidence from multiple sources (e.g., narratives, uploaded documentation, interviews, etc.) when completing the implementation rubric to confirm that the subgrantee is doing the following:</p> <p><i>Finding</i> – We confirmed the Department collected evidence from multiple sources when completing the implementation rubric.</p>
		i.	<p>implementing the subgrantee activities as measured by the implementation rubric;</p> <p><i>Finding</i> – The Department confirmed each subgrantee was implementing the subgrantee activities as measured by the implementation rubric.</p>
		ii.	<p>complying with agreed upon assurances in the grant;</p> <p><i>Finding</i> – The Department confirmed each subgrantee was complying with agreed upon assurances in the grant.</p>
		iii.	<p>using financial controls to successfully manage the grant program; and,</p> <p><i>Finding</i> – The Department confirmed each subgrantee was using financial controls to successfully manage the grant program.</p>
		iv.	<p>making progress in meeting grant goals and objectives.</p> <p><i>Finding</i> – The Department confirmed each subgrantee was making progress in meeting goals and objectives.</p>

		<p>b) Confirm whether the Department reviewed data in the implementation rubric during to confirm the subgrantee:</p> <ul style="list-style-type: none"> i. Involved parents of potential future students and other community members were involved in the planning program design of the school; ii. Informed the students in the community about the school; iii. The school’s management operates as described in the CSP application; and iv. Avoids apparent and actual conflicts of interest when administering the grant. <p><i>Finding</i> – We confirmed the Department reviewed data in the implementation rubric during monitoring reviews to confirm each subgrantee: i. Involved parents of potential future students and other community members were involved in the planning program design of the school; ii. Informed the students in the community about the school; iii. The school’s management operates as described in the CSP application; and iv. Avoids apparent and actual conflicts of interest when administering the grant.</p>
		<p>c) Confirm whether the Department intervened with a formal follow-up action, if the Department identified deficiencies.</p> <p><i>Finding</i> – We confirmed the Department intervened with a formal follow-up action for all identified deficiencies.</p>

3.3 Subgrantee Annual Grant Activities Report

(A)	(1)	Use the sample of planning and Year 1 and Year 2 subgrantees selected in Table 3.2
	(2)	Obtain the Department’s written directions and guidance to subgrantees about annual grant activities reports
	a.	<p>Confirm whether the grant monitoring reports were submitted timely, in accordance with the Department’s requirements, by the subgrantee.</p> <p><i>Finding</i> – For the grantees selected, grant monitoring reports are not due until 90 days after the end of the monitoring period ended June 30, 2018, so this procedure is not applicable.</p>

3.4 Department Performance Reports

(A)	(1)	Obtain the Department’s procedures regarding submitting performance reports and semiannual reports to USDoE, and for submitting the WestEd Data Collection form to WestEd.	
	(2)	Obtain copies of each submitted report.	
		a)	Confirm whether the Department has processes and procedures in place to ensure that the submitted report is accurate and complete. <i>Finding – We confirmed the Department has written processes and procedures in place to ensure that submitted reports are accurate and complete.</i>
		b)	Confirm whether each report was submitted timely (extensions considered). <i>Finding – We confirmed each report was submitted timely.</i>
		c)	Confirm whether each report included all required information. <i>Finding – We confirmed each report included all required information.</i>

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable attestation engagement standards included in the Comptroller General of the United States’ *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the application and selection of subgrant recipients, subgrant recipient claims and payments, and monitoring and performance for the Charter Schools Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report only describes the agreed-upon procedures we performed and our findings. Accordingly, this communication is not suitable for any other purpose.



KENNEDY COTTRELL RICHARDS LLC

Columbus, Ohio
 October 15, 2018