



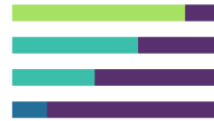
# 2018 COMBINED IPA CONFERENCE

**Aug. 17, 2018**

**Hilton Columbus at Easton**  
3900 Chagrin Dr.  
Columbus, OH 43219



**Dave Yost**  
Ohio Auditor of State



THE  
**OHIO SOCIETY**  
OF CPAs  
ADVANCING THE STATE OF BUSINESS

## 2018 Combined IPA Conference Agenda

Friday, August 17, 2018

7:00 - 7:55 a.m.	Registration
7:55 - 8:00 a.m.	Opening Remarks
8:00 - 9:15 a.m.	<p><b>If I Had a Million Dollars - Fraud Case Study of Village of Mount Sterling</b> <i>Melissa Barnett, Ohio Auditor of State's Office</i></p> <p>Course Description: How a Village Administrator hijacked the finances of a central Ohio Village, stole close to a million dollars, wasted it, and ended up being sentenced to 10 years in prison and forfeiting his house.</p> <p>You will learn:</p> <ul style="list-style-type: none"> <li>• You will learn how the investigation had to reportedly react to the actions of the suspect to preserve evidence and assets.</li> <li>• The presentation will also provide information regarding the special audit; discuss the initial allegations, the schemes used to defraud the Village, and the subsequent prosecutions.</li> </ul> <p>Level: Beginner</p> <p>Field of Study: Fraud Detection &amp; Prevention</p>
9:15 - 10:15 a.m.	<p><b>GASB 75-OPEB Accounting and Reporting Requirements</b> <i>Jill Denison, Ohio Auditor of State's Office</i></p> <p>Course Description: We have worked through the complexities of reporting for pensions under GASB 68. Now it is time to be ready for the implementation of similar requirements for Other Postemployment Benefits (OPEB). This session will discuss the new accounting and reporting requirements for OPEB</p> <p>You will learn:</p> <ul style="list-style-type: none"> <li>• Attendees will learn the OPEB accounting and financial reporting requirements for employers and nonemployer contributing entities participating in cost sharing multiple-employer plan.</li> </ul> <p>Level: Intermediate</p> <p>Field of Study: Government Accounting and Auditing</p>
10:15 - 10:30 a.m.	Break
10:30 - 11:30 a.m.	<p><b>GASB 84</b> <i>Tracie McCreary, Ohio Auditor of State's Office</i></p> <p>Course Description: This session will provide an overview of the requirements of the Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. This GASB pronouncement establishes specific criteria for identifying activities that should be reported as fiduciary activities. GASB 84 is effective for reporting periods beginning after December 15, 2018.</p> <p>You will learn:</p> <ul style="list-style-type: none"> <li>• Identify activity that meets the criteria for being reported as fiduciary activity</li> <li>• Prepare a Statement of Changes in Fiduciary Net Position for custodial funds</li> </ul> <p>Level: Advanced</p> <p>Field of Study: Accounting</p>

11:30 - 12:00 p.m.

**Common Issues Noted - IPA Report Reviews and Auditing in Compliance with AOS Bulletin 2015-007**

*Ami Mayne, Ohio Auditor of State's Office*

Course Description: A review of the common issues noted during IPA report reviews performed by the Center for Audit Excellence and the future impact of IPA quality scores related to the implementation of Auditor of State Bulletin 2015-007.

You will learn:

- Overview of the issues that have been noted with IPA report reviews since the implementation of AOS Bulletin 2015-007.
- How the common issues will affect IPA quality scores in future audit submissions.

Level: Beginner

Field of Study: N/A

12: 00 - 1:00 p.m.

Lunch

1:00 - 1:30 p.m.

**Legal & Legislative Update**

*Mark Altier & Shawn Busken, Ohio Auditor of State's Office*

Course Description: A description is not available at this time but will be posted soon.

You will learn: N/A

Level: N/A

Field of Study: N/A

1:30 -2:30 p.m.

**Uniform Guidance - Identifying Key Controls and Reviewing Common Errors and Findings**

*Christine Torres & Jonathan Schultz, Crowe LLP*

Course Description: It is important for all attendees, both those working on audits of entities that receive federal funds and those who work at the entities that receive the federal funds, to understand the importance of identifying and implementing key controls. In addition, a background on common errors/findings (including results from OMB's Quality Control Review) is beneficial so that all can be aware of areas in which control and compliance errors frequently occur.

You will learn:

- Attendees will get a background on the most recently completed OMB Quality Control Review
- Attendees will hear a listing of potential key controls that entities can implement to ensure that the requirements of Uniform Guidance are being met. Controls relating to all applicable compliance areas will be covered.
- Attendees will gain an understanding of challenges that the UG presents and be educated on common errors or findings that result from audits performed under Uniform Guidance. This will also include a reminder of key responsibilities of the auditee during an audit performed under Uniform Guidance.

Level: Intermediate

Field of Study: Compliance

2:30 - 2:45 p.m.

Break

2:45 - 4:15 p.m.

**FTE Testing and Results**

*Mark Long & Kevin Robertson, Ohio Auditor of State's Office*

Course Description: The Audit Team for Qualitative Projects (ATQP) performed reviews, testing, and interviews of blended learning and e-schools across the State to determine potential issues and complexities related to the new durational requirements for funding. Community schools with an online component have a unique set of requirements compared with fully brick and mortar schools for documenting the participation of learning opportunities.

You will learn:

Attendees will learn of the varying levels of difficulty and complexity involved in complying with State funding requirements for community schools. We will discuss funding models, documentation requirements, system capabilities, FTE reviews and other topics related to funding of community schools with online components.

Level: Intermediate

Field of Study: Blended Learning

4:15 p.m.

Adjourn



 **DAVE YOST**  
Ohio Auditor of State

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**GASB 75  
Other  
Postemployment  
Benefits (OPEB)**

Presented by: Jill Denison

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**GASB 75**

**IF NO NEWS IS GOOD NEWS,  
IS ALL NEWS BAD  
NEWS?**



Bad News  
or Good  
News?

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**BAD NEWS**



GASB 75 is basically  
the same for OPEB as  
GASB 68 for Pensions

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## GOOD NEWS



GASB 75 is basically the same for OPEB as GASB 68 for Pensions

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## GASB 75



Maybe "Good News" is a stretch, but at least this is not a completely new concept.

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## Agenda

- What is GASB 75 / OPEB?
- GASB 75 Elements
- Note Disclosures
- Required Supplementary Information
- Questions

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## GASB 75

Governments that provide defined benefit OPEB through a cost-sharing multiple-employer plan administered through a trust or equivalent arrangement are required to report their proportionate share of the plan's collective net OPEB liability, OPEB expense and certain deferred outflows of resources and deferred inflows of resources in their financial statements.

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## GASB 75

Includes the requirements for employer accounting and financial reporting for Other Postemployment Benefits (OPEB).

Included in GASB Codification at § P50

Effective for fiscal years beginning after June 15, 2017.

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### What is OPEB?

Postemployment Healthcare Benefits – including medical, dental, vision, hearing and other health related benefits – whether provided separately or through a pension plan

Other forms of postemployment benefits when provided separately from a pension plan – such as:

Death Benefits	Life Insurance	Disability	Long-Term Care
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OPEB does **not** include termination benefits or termination payments for sick leave.

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### GASB 75

Types of OPEB Plans:

- Single Employer Plans
- Agent Multiple-Employer Plans
- Cost Sharing Multiple-Employer Plans

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### OPEB Plans

Some employers/ entities may offer OPEB separately from the plans administered by the Retirement Systems.

The requirements of GASB 74 / 75 may apply to these plans.

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## GASB 75

GASB 75 provides different accounting & reporting requirements for plans provided through OPEB plans that are administered through qualifying trusts or equivalent arrangements.

Conditions for a qualifying trust/equivalent arrangement include:

- Contributions to the OPEB Plan and earnings on those contributions are irrevocable
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

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## GASB 75

Elements

- Net OPEB Liability
- Deferred Outflows of Resources
- Deferred Inflows of Resources
- OPEB Expense

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## GASB 75 Elements

Net OPEB Liability

Deferred Outflows of Resources

- Contributions Subsequent to the Measurement Date
- Differences between Expected and Actual Experience
- Change in Assumptions
- Difference between Projected and Actual Investment Earnings
- Change in Proportion and the Difference between Actual Contributions and the Proportionate Share of Contributions

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## GASB 75 Elements

**Deferred Inflows of Resources**

- Differences between Expected and Actual Experience
- Change in Assumptions
- Difference between Projected and Actual Investment Earnings
- Change in Proportion and the Difference between Actual Contributions and the Proportionate Share of Contributions

**OPEB Expense**

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## Deferred Outflows

Who determines these amounts?

Actuary	Employer
<ul style="list-style-type: none"><li>• Differences between Expected and Actual Experience</li><li>• Change in Assumptions</li><li>• Differences between Projected and Actual Investment Earnings</li></ul>	<ul style="list-style-type: none"><li>• Contributions Subsequent to the Measurement Date</li><li>• Change in Proportion and the Difference between Actual Contributions and Proportionate Share of Contributions</li></ul>

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## Deferred Inflows

Who determines these amounts?

Actuary	Employer
<ul style="list-style-type: none"><li>• Differences between Expected and Actual Experience</li><li>• Change in Assumptions</li><li>• Differences between Projected and Actual Investment Earnings</li></ul>	<ul style="list-style-type: none"><li>• Change in Proportion and the Difference between Actual Contributions and Proportionate Share of Contributions</li></ul>

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### Note Disclosures

If total amounts are not otherwise identifiable, disclose:

- Total Net OPEB Liabilities / Assets (aggregated for all OPEB Plans)
- Total Deferred Outflows of Resources related to OPEB
- Total Deferred Inflows of Resources related to OPEB
- Total OPEB Expense for the period

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### Note Disclosures

The note disclosures on the following slides should be disclosed for benefits provided through each cost-sharing OPEB plan in which the employer participates. Disclosures related to more than one OPEB plan should be combined in a manner that avoids unnecessary duplication.

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### Note Disclosures

#### OPEB Plan Description

- Name of the OPEB Plan
- Identification of the entity that administers the OPEB Plan
- Identification of the OPEB plan as a cost-sharing OPEB Plan

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## Note Disclosures

OPEB Plan Description:

- Brief description of the benefit terms including:
  - Classes of employees covered;
  - Types of benefits;
  - Key elements of the OPEB formulas;
  - Terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic COLAs, ad hoc postemployment benefit changes, including ad hoc COLAs, and the sharing of benefit-related costs with inactive employees; and
  - Authority under which benefit terms are established or may be amended
- If the OPEB plan is closed to new entrants, that fact should be disclosed

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## Note Disclosures

OPEB Plan Description:

- Brief description of contribution requirements, including:
  - Basis for determining the employers contributions to the OPEB plan (for example, statute, contract, actuarial basis, etc.);
  - Identification of the authority under which contribution requirements of employers, nonemployer contributing entities, if any, and employees are established and may be amended
  - Legal or contractual maximum contribution rates, if applicable; and
  - The contribution rates (in dollars or as a percentage of covered payroll) of employers, nonemployer contributing entities, if any, and employees for the reporting period

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## Note Disclosures

OPEB Plan Description

- The amount of contributions recognized by the OPEB plan from the employer during the reporting period, excluding amounts resulting from noncurrent receivables of the plan.
- Disclose whether the OPEB plan issues a stand-alone financial report (or the OPEB plan is included in the report of another government) that is available to the public and,
- If so, how to obtain the report (e.g. a link to the report on the employer's website)

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## Note Disclosures

Assumptions and Other Inputs

- Significant assumptions and other inputs used to measure the total OPEB liability, including assumptions about:
  - Inflation
  - Healthcare cost trend rates
  - Salary Changes
  - Ad hoc postemployment benefit changes (including ad hoc COLAs).
  - Sharing of benefit-related costs with inactive employees should be disclosed as applicable
- For all significant assumptions, if different rates are assumed for different periods, disclose information about what rates are applied to the different periods of the measurement.

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## Note Disclosures

Assumptions and Other Inputs

- The fact that projections of the sharing of benefit-related costs are based on an established pattern of practice
- Source of the mortality assumptions (e.g. the published tables on which the assumptions are based, or that assumptions are based on a study of the experience of the covered group)
- Dates of experience studies on which significant assumptions are based.

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## Note Disclosures

Assumptions and Other Inputs

- If the alternative measurement method is used, disclose the source of or basis for all significant assumptions selected
- Measures of the employer's proportionate share of the collective Net OPEB Liability calculated using a healthcare cost trend rate that is:
  - 1 percent higher than the assumed healthcare cost trend rate and
  - 1 percent lower than the assumed healthcare cost trend rate

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## Note Disclosures

Assumptions and Other Inputs

- Disclose the following about the discount rate
- Discount Rate applied in the measurement of the total OPEB liability
- Change in the discount rate since the prior measurement date, if any
- Assumptions made about projected cash flows into and out of the OPEB plan (contributions from employers, employees, etc.)
- Long-term expected rate of return on OPEB plan investments and a brief description of how it was determined, including significant methods and assumptions used for that purpose
- If the discount rate incorporates a municipal bond rate, the municipal bond rate used and the source of that rate

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## Note Disclosures

Assumptions and Other Inputs

- Disclose the following about the discount rate
- The periods of projected benefit payments to which the long-term expected rate of return and, if used, the municipal bond rate are applied in determining the discount rate
- Assumed asset allocation of the OPEB plan's portfolio, the long-term expected real rate of return for each major asset class, and whether the expected rates of return are presented as arithmetic or geometric means, if not otherwise disclosed
- Measures of the employers proportionate share of the collective Net OPEB Liability calculated using a discount rate that is:
  - 1 percent higher than the assumed discount rate, and
  - 1 percent lower than the assumed discount rate

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## Note Disclosures

OPEB Plan's Fiduciary Net Position:

- Information required by GASB 75 and other financial reporting standards about the elements of the OPEB plan's basic financial statements (information about the OPEB plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position) should be disclosed
- If a financial report that includes disclosure about the elements of the OPEB plan's basic financial statements is available on the Internet, either as a stand-alone financial report or included as a fiduciary fund in the financial report of another government and
  - Information is provided about how to obtain the report
- Reference may be made to the other report for these disclosures

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## Note Disclosures

OPEB Plan's Fiduciary Net Position:

- Disclose the OPEB Plan's fiduciary net position has been determined on the same basis used by the OPEB plan
- Brief description of the OPEB plan's basis of accounting including policies with respect to:
  - Benefit payments (including refunds of employee contributions) and
  - Valuation of the OPEB plan investments
- If significant changes have occurred that indicate the disclosures included in the OPEB plan's financial report generally do not reflect the facts and circumstances at the measurement date, disclose information about the substance and magnitude of the changes.

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## Note Disclosures

Additional Information

- Employer's proportionate share (amount) of the Collective Net OPEB Liability
- Employer's proportion (percentage) of the Collective Net OPEB Liability
- Basis on which the proportion is determined
- Change in proportion since the prior measurement date
- Measurement date of the Collective Net OPEB Liability
- Date of the actuarial valuation on which the Total OPEB Liability is based

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## Note Disclosures

Additional Information

- If applicable, the fact that update procedures were used to roll forward the Total OPEB Liability to the measurement date.
- Brief description of changes of assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement date.
- Brief description of changes of benefit terms that affected measurement of the Total OPEB Liability since the prior measurement date.

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## Note Disclosures

Additional Information

- Brief description of the nature of changes between the measurement date of the collective Net OPEB Liability and the employer's reporting date that are expected to have a significant effect on the employers proportionate share of the Net OPEB Liability, and the amount of the expected resultant change in the employers proportionate share of the collective Net OPEB Liability, if known
- Amount of OPEB expense recognized by the employer in the reporting period

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## Note Disclosures

Additional Information

- The employer's balances of Deferred Outflows of resources and Deferred Inflows of resources related to OPEB, classified as follows:
  - Differences between Expected and Actual Experience
  - Changes of Assumptions or Other Inputs
  - Net Difference between Projected and Actual Earnings on OPEB Plan Investments
  - Changes in the Employer's Proportion and differences between the employer's contributions and the employer's proportionate share of total employers' contributions to the plan
  - Employer's contributions to the OPEB plan subsequent to the measurement date

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## Note Disclosures

Additional Information

- A Schedule presenting the following:
  - For each of the subsequent five years, and in aggregate thereafter, the net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources that will be recognized in the employer's OPEB expense.
  - The amount of the employer's balance of deferred outflows of resources that will be included as a reductions of the collective Net OPEB Liability
  - The amount of revenue recognized for the support provided by nonemployer contributing entities

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### Required Supplementary Information



Present RSI separately for each cost-sharing OPEB plan through which OPEB is provided

Two schedules are required for each plan.

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### Required Supplementary Information

Schedule 1: 10-year schedule presenting the following for each year:

- Employer's proportion (percentage) of the collective Net OPEB Liability
- Employer's proportionate share (amount) of the collective Net OPEB Liability
- Employer's covered payroll, if contributions to the OPEB plan are based on pay; otherwise, the employer's covered-employee payroll
- Employer's proportionate share (amount) of the collective Net OPEB Liability as a percentage of the employers payroll from the previous point
- The OPEB Plan's fiduciary net position as a percentage of Total OPEB Liability

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### Required Supplementary Information

Schedule 2: 10-year schedule presenting the following for each year

- Statutorily or contractually required employer contribution
- Amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution
- Differences between statutorily or contractually required employer contribution and the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required contribution.
- Employer's covered payroll, if contributions to the OPEB plan are based on pay; otherwise, the employer's covered-employee payroll
- Amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percentage of the employers payroll in previous point

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## Required Supplementary Information

### RSI Schedules

Schedule 1 – Information should be determined as of the measurement date of the collective Net OPEB Liability

Schedule 2 – Information should be determined as of the employer's most recent fiscal year-end.

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### Notes to the RSI

Disclose the following:

- Information about factors that significantly affect trends in the amounts reported in the schedules
  - Changes of Benefit Terms
  - Use of Different Assumptions (Discount Rate, Mortality, etc.)
- Information about investment-related factors that significantly affect trends in the amounts reported
  - Limited to factors over which the OPEB plan or participating employers have influence (e.g. change in investment policies)

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### Notes to the RSI

Information about external economic factors (e.g. changes in market prices) should **not** be presented.

Amounts presented for prior years should not be restated for the effects of changes (e.g. changes of benefit terms or assumptions that occurred subsequent to the measurement date of that information).

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### Implementation Year

Implementation requires restatement:

- Restatement required for all prior periods presented, if practical.
- If not practical to determine amounts of **all** Deferred Outflows & Deferred Inflows restate for only the:
  - Beginning Net OPEB Liability
  - Deferred Outflow for Contributions Subsequent to the prior Measurement Date but before the beginning of the employer's fiscal year (if any)
- If an employer presents comparative statements & cannot restate the earliest year presented, the cumulative effects of implementation should be reported for the earliest period restated. The notes should disclose the reasons for not restating prior periods presented.

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### Questions?



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### Center for Audit Excellence

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 DAVE YOST  
Ohio Auditor of State

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**GASB 84**  
**Fiduciary Activities**

Presented by: Tracie McCreary

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**GASB 84**

- Fiduciary Activities
  - Establishes criteria for identifying activities that should be reported as fiduciary activities
  - Clarifies whether and how business type activities should report their fiduciary activities

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**Types of Fiduciary Activities**

- Fiduciary Component Units
- Pension and OPEB Arrangements That Are Not Component Units
- Other Fiduciary Activities

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### Other Fiduciary Activities

Fiduciary if the following three criteria are met (GASB 84 ¶11):

- a Assets associated with the activity are *controlled by government*

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### Other Fiduciary Activities

- b Assets are not derived either:
  - Solely from the Government's *own source revenue*
  - From government-mandated/voluntary nonexchange transactions
    - Exception for pass-through grants with no *administrative or direct financial involvement* (GASB 24)

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### Other Fiduciary Activities

- c Assets have one or more of the following:
  - 1 Assets are (a) administered through a trust in which the governments itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms and (c) legally protected from the creditors of the government. GASB 84 ¶11 c (1)

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### Other Fiduciary Activities

- c Assets have one or more of the following:
  - 2. Assets are for the benefit of individuals and the government does not have *administrative involvement with the assets or direct financial involvement with the assets*. In addition, the assets are not derived from the government's provision of goods or services to those individuals.

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### Other Fiduciary Activities

- c Assets have one or more of the following:
  - 3. Assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organization or other governments.

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### Control of Assets

- A government controls the assets of an activity if the government:
  - Holds the assets or
  - Has the ability to direct the use, exchange or employment of the assets in a manner that provides benefits to the specified or intended recipients

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### Own-Source Revenues

- Own-Source revenues are revenues that are generated by a government itself. They include exchange and exchange-like revenues and investment earnings. Derived tax revenues and imposed nonexchange revenue are also included.

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### Administrative Involvement

- GASB 24
  - Monitors secondary recipients for compliance
  - Determines eligible secondary recipients/projects
  - Exercise discretion over how funds are allocated

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### Direct Financial Involvement

GASB 24

A government has direct financial involvement if, for example, it provides some direct program costs because of matching requirements or is liable for disallowed costs.

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### Administrative Involvement

- Monitors compliance
- Determines eligible expenditures
- Exercise discretion over how assets are allocated

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### Direct Financial Involvement

A government has direct financial involvement with the assets if, for example, it provides matching resources for the activity.

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### Fiduciary Fund Category

- Pension (and other employee benefit) Trust Funds
- Investment Trust Funds
- Private Purpose Trust Funds
- Custodial Funds

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### Trust Funds

The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

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### Pension

- Pension Plans and OPEB plans that are administered through trusts that meet the criteria of GASB 67 ¶3 or GASB 74 ¶3
- Other employee benefits plans for which
  - Resources are held in a trust that meets GASB 84 11 c (1) and
  - Contributions to the trust and earnings on those contributions are irrevocable

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### Investment Trust

- External portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in paragraph 11 c (1)

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### Private Purpose Trust

- Reports all fiduciary activities that
  - Are not required to be reported in pension (and other employee benefit) trust funds or investments trust funds and
  - Are held in a trust that meets the criteria in paragraph 11c(1)

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### Custodial

- Reports fiduciary activity that are not required to be reported in pension trust funds, investment trust funds or private purpose trust funds

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### Custodial

The external portion of investment pools that are not held in a trust that meets the criterial in paragraph 11c(1) should be reported in a separate external investment pool fund column, under the custodial funds classification

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**Statement of Fiduciary  
Net Position**

- Reports
  - Assets
  - Deferred Outflows
  - Liabilities
  - Deferred Inflows
  - Fiduciary Net Position

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**Liabilities**

- Liabilities to beneficiaries should be recognized when an event has occurred that compels the government to disburse fiduciary resources
- Liabilities other than those to beneficiaries should be recognized in accordance with existing accounting standards using the economic resources measurement focus

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**Statement of Changes in  
Fiduciary Net Position**

- Used to report additions to and deductions from pension trust funds, investment trust funds, private-purpose trust funds and custodial funds

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**Statement of Changes in  
Fiduciary Net Position**

- Should disaggregate additions by source including:
  - Investment earnings
  - Investment costs
  - Net investment earnings

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**Statement of Changes in  
Fiduciary Net Position**

- Should disaggregate deductions by type and, if applicable, should separately display administrative costs

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**Statement of Changes in  
Fiduciary Net Position**

- Should disaggregate deductions by type and, if applicable, should separately display administrative costs

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**Statement of Changes in  
Fiduciary Net Position**

- Used to report additions to and deductions from pension trust funds, investment trust funds, private-purpose trust funds and custodial funds

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**Statement of Changes in  
Fiduciary Net Position**

- May report a single aggregated total for additions and a single aggregated total for deductions of custodial funds in which resources, upon receipt, are normally expected to be held for three months or less.
- Should indicate nature of resource flow

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**Statement of Changes in  
Fiduciary Net Position**

- Used to report additions to and deductions from pension trust funds, investment trust funds, private-purpose trust funds and custodial funds

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### Effective Date

- For periods beginning after December 31, 2018

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### Questions?

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### Local Government Services

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**Tracie McCreary**

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Ohio Auditor of State



## IPA Report Reviews and Auditing in Compliance with AOS Bulletin 2015-007

Presented by: Ami Mayne, CPA  
Director of Audit Administration

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## Objective

- Continuous Implementation of Auditor of State (AOS) Bulletin 2015-007
- Auditing Hinkle System Filings
- Common issues noted during IPA report reviews performed by the Center for Audit Excellence (CAAE)
  - IPA Grace Period
  - Impact or Potential impact of IPA quality scores related to the implementation of AOS Bulletin 2015-007
- Compliance testing over timing of Hinkle System filings
- Other miscellaneous items



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## Continuous Implementation of Auditor of State Bulletin 2015-007

Auditors required to audit what was filed for financial periods ending in 2016 and beyond

- 2015-2016 – Biennial audits
- 2016 – Annual audits
- 2016-2017 - Biennial audits



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### Auditing Hinkle System Filing

- At the commencement of the audit, auditor should verify with the entity that the financial statements and notes submitted to the Hinkle System are the final, unaudited financial statements for the audit period.
- If the filing requires modification, inform your client they should contact AOS via the Hinkle System Inquiry Form
  - <https://forms.ohioauditor.gov/AuditInquiryForm>
  - [HinkleSystem@ohioauditor.gov](mailto:HinkleSystem@ohioauditor.gov)

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### Auditing Hinkle System Filing

What if financial statements and/or notes are not filed at all?

- Inquire with the client as to their plan to file
- Are they able to prepare financial statements/notes?
- Do they need to contract these services?
- Consult with the region for assistance
- Does the entity need to be evaluated for an un-auditable declaration?

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### Common Issues noted during IPA report reviews performed by the Center for Audit Excellence (CFAE)

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### IPA Grace Period

To help mitigate the "learning curve" associated with the Hinkle System and auditing what is filed, a grace period was granted for audit periods ended:

- 2015-2016
- 2016
- 2016-2017

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### Potential Impact on IPA Scores

If issues are noted, IPA Quality Scores, Timeliness Scores, Backlog Scores may be affected for audit periods ended:

- 2017
- 2017-2018
- Subsequent periods

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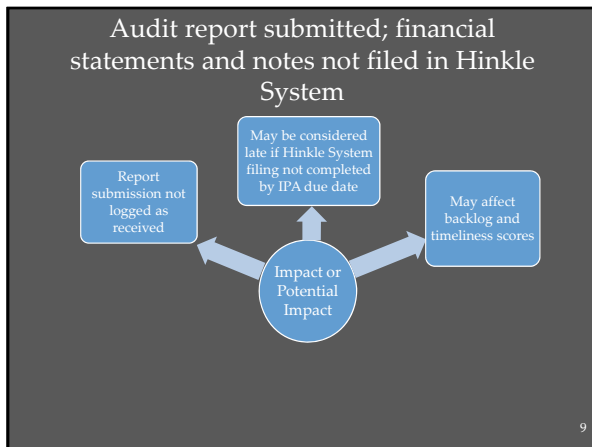
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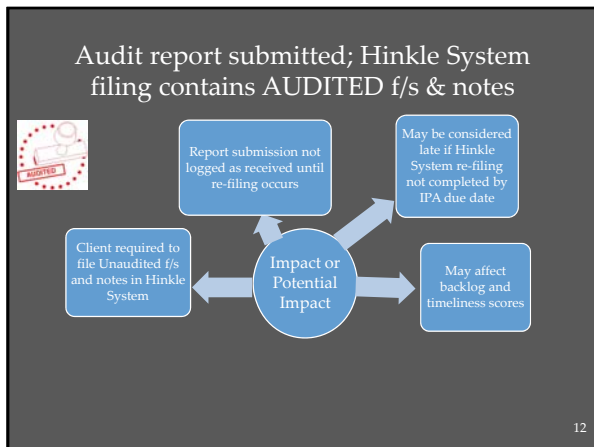
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### Audit report contains ONE set of notes for a biennial audit

Filing requirement is an annual requirement. Report will be recalled as auditor is required to audit what was filed.

Annual small government shells provided on ACS website <https://ohioauditor.gov/references/auditreportshell.html>

Impact or Potential Impact

Recall will affect IPA report quality score

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### Financial statements/notes in Hinkle System do NOT agree to the audit report

Lack of audit adjustments and lack of GAGAS report comment may indicate IPA did not audit what was filed.

Client may need to re-file in Hinkle System. If Hinkle System re-filing results in a late filing, a non-compliance citation should be reported in the Management Letter.

Report will be considered a Recall to include the ML citation.

Impact or Potential Impact

Recall will affect IPA report quality score

Were audit adjustments noted? CFAE review can commence

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### Opinion date is subsequent to Hinkle System filing date

Opinion date predates Hinkle System filing indicates substantive work completed PRIOR to Hinkle System filing

May affect IPA report quality score

Impact or Potential Impact

Guidance provided to all IPAs on 9/15/2016 - IPA may not complete substantive audit work until entity has completed Hinkle System filing

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### Compliance testing over timing of Hinkle System filings

**To cite or not to cite?**

- For remaining audit periods that include 2016 (i.e. 2015-2016, 2016 or 2016-2017)
  - Test compliance based on original filing date, even if the entity had to re-file in order to have a complete Hinkle System filing
  - Original filing on time but re-filing is late? Verbally inform client of non-compliance of re-filing
  - Original filing late? Issue management letter citation



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### Compliance testing over timing of Hinkle System filings

**To cite or not to cite?**

- For audit periods subsequent to 2016 (i.e. 2017-2018, 2017, 2018-2019, etc)
  - Test compliance based on LAST Hinkle System filing date
  - Does not matter if original filing is on time
  - Use auditor discretion to not cite for a later filing (i.e. client filed May 31<sup>st</sup> instead of May 30<sup>th</sup>)
    - > Maintain documentation in work papers to explain why no citation was issued



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### Auditing the Financial Statements Filed and Independence

In accordance with the Auditor of State Request for Proposal:

Each Independent Public Accounting Firm (IPA) must provide prior notification to the Auditor of State when the IPA performs the engagement on behalf of the Auditor of State and also intends to provide any Non-audit Service, as defined by the most recent applicable *Government Auditing Standards* relating to Auditor Independence, not disclosed in the firm's proposal.

This requirement is satisfied via the Non-Audit Service Form.



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### Auditing the Financial Statements Filed and Independence

- The Non-Audit Service form is not required to be submitted after the contract is awarded if the non-audit services were disclosed in the technical proposal.
- If the auditor is hired to perform non-audit services related to financial statements or notes filed in the Hinkle System, a non-audit service form must be submitted.
- If the auditor was not hired to perform non-audit services, any changes to the financial statements should be reflected as audit adjustments and the auditor should react to those adjustments accordingly. The entity does NOT need to re-file in Hinkle if changes to financial statements and notes are result of audit adjustments.



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### Auditing the Financial Statements Filed and Independence



Non-Audit Service Form can be found on the Auditor's website at:  
[https://ohioauditor.gov/ipa/reporting/ipa\\_independence\\_short\\_form\\_march2014.pdf](https://ohioauditor.gov/ipa/reporting/ipa_independence_short_form_march2014.pdf)

Submit completed forms to:  
[IPAcorrespondence@ohioauditor.gov](mailto:IPAcorrespondence@ohioauditor.gov)

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### Agreed-Upon Procedures (AUP)

- To be eligible for reduced audit services (AUP), the entity **MUST** file complete financial statements in notes in the Hinkle System.
- If at the time the AUP Eligibility Checklist is prepared, the entity has not filed in Hinkle – they could subsequently file financial statements and notes and become eligible for an AUP (assuming all other eligibility requirements are met).



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## Agreed-Upon Procedures (AUP)

- For entities eligible for an AUP, a contract modification MUST be submitted and approved to change the scope of the audit.
- AUP reports submitted to CFAE ~~FROM~~ to receiving an approved modification will ~~NOT~~ be logged as received until the modification is approved.
  - Could result in a late submission
  - Could affect backlog and timeliness scores



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## Resources

Hinkle System – [Hinklesystem@ohioauditor.gov](mailto:Hinklesystem@ohioauditor.gov)  
<https://ohioauditor.gov/financialreporting/default.html>

IPA Report Submissions – [IPAReport@ohioauditor.gov](mailto:IPAReport@ohioauditor.gov)

IPA contracting/portal questions –  
[IPACorrespondence@ohioauditor.gov](mailto:IPACorrespondence@ohioauditor.gov)

Regional IPA Contracting – [Region\\_IPA@ohioauditor.gov](mailto:Region_IPA@ohioauditor.gov)  
(Northwest, Northeast, East, West, Central, Southwest, Southeast, State)

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## Questions?



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**DAVE YOST**  
Ohio Auditor of State



**A Legislative Briefing  
from the AOS**

Presented by: Shawn Busken  
Director of Policy and  
Legislative Affairs

Ohio Auditor of State  
**Dave Yost**  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

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## Auditor of State's Office

- Responsible for auditing 5800 entities
- Rooting out fraud and corruption in public offices
- Conducting Performance Audits for governments at all levels



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## Policy Initiatives

- HB 87 – FFR Bill
- E-School Scorecard
- SB 239 – Councils of Government
- HB 312 – Credit Cards
- HB 103 – Fiscal Emergency Commissions



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## HB 87 – FFR’s

- Representative Roegner – Passed 6/27
- Specifies that all attendance-based community school Findings for Recovery (FFR) dollars must be returned to the local school districts.



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## E-School “Scorecard”

- SB 216
  - Indemnification/Subsidiary liability
  - 105-hour rule lowered to 72 hours
  - Definitions of classroom, learning opportunity, participation, etc. must be submitted to JEOC
  - Study committee: Performance-based funding and Management footnote
- HB 87
  - ODE must promulgate rules for LMS standards
  - Remove conflict for Auditor of State



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## SB 239 – Councils of Government

- Requires COGs to register with AOS before taking legally binding action
- Clarifies that member roster of a COG is not proprietary; requires COG to submit bylaws to AOS
- Makes COG board members and employees subject to ethics code



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## HB 312 - Credit and Debit Card Fraud Prevention

- Sets uniform standards for credit card use in all local governments
- All entities that use a card enact a policy
- 2 Models
  - Custody and Control
  - Compliance Officer



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## HB 312 - Credit and Debit Card Fraud Prevention

- The credit card policy must address
  - Procedure for use of a credit card
  - Procedure for submitting itemized receipts
  - Who can use a card
  - Credit limits on each card
  - What qualifies as an allowable expense
  - Procedure for card issuance, reporting lost or stolen cards, and card cancellation



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## HB 312 - Credit and Debit Card Fraud Prevention

- Custody and Control Model
  - Treasurer has physical control over all credit cards and the name of the entity on the cards
  - Requires individuals to sign out the card and return it with itemized receipts



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## HB 312 - Credit and Debit Card Fraud Prevention

- Compliance Officer Model
  - Cards are spread across the entity
  - Treasurer must appoint a Compliance Officer to complete a quarterly review of:
    - Number of cards
    - Number of active cards
    - Credit limit of each



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## HB 312 - Credit and Debit Card Fraud Prevention

- Creates a penalty for fraudulent or improper use of card charged as an M-1
- Prohibits use of debit cards except by law enforcement and where grant monies are tied to the card.



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## HB 103 – Fiscal Emergency Commissions

- Revised the makeup of commissions
  - Municipal At-Large Seats
  - Township At-Large Seats
  - County At-Large Seats
  - County Ex-Officio
- Commissions must be seated within 15 days of declaration



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## HB 103 – Fiscal Emergency Commissions

- Allows AOS to escalate fiscal watch to emergency for failing to implement a financial recovery plan
- Requires all unrestricted funds to be used in creating the financial recovery plan



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## Legislative Affairs

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**AUDITOR OF STATE  
COMBINED IPA CONF.**

**LEGAL UPDATE**

Presented by:  
Mark W. Altier, Chief Legal Counsel,  
Ohio Auditor of State

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**SUN vs. VLT**

- *Sun Building, Ltd. Partnership vs. Value Learning & Teaching Academy (VLT).*
  - Case No. A1404504, Hamilton County, Common Pleas Court.
- VLT—Community School opened in April, 2005.
- Contract with Educational Resources Consultants (ERCO).
- VLT ceased operations—Summer, 2014.

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- Valerie Lee—VLT Superintendent
- Clyde Lee—Valerie’s husband
  - Employee of VLT from 2008 through June 2017
  - Formed CEED—For profit corporation
    - Multiple maintenance and janitorial contracts with VLT
    - Received \$1.8 million from VLT
      - December 2007, through July 17, 2014
  - Echole Harris—Valerie’s daughter
    - Employee of VLT under various service contracts
  - Judy McConnell—VLT Treasurer/Business Mgr. (2007 to 2012)

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- Attorney General standing to intervene

- Pursuant to Ohio Rev. Code Section 117.42
  - Request of Auditor of State
  - Not limited to unauditible entities
  - No Finding for Recovery required
- Also has common law standing
  - To recover public money

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- Public officials strict liability

- Ohio Rev. Code Section 9.39
- Five year limitation—From date of last act
- Public Official/Strict Liability
  - Directly involved or supervises directly involved
  - Involved-Authority over bank accounts or ability to withdraw
  - Citing *State ex rel. Cordray vs. Marshall*, 123 Ohio St. 3d 229 (2009).

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- Officer, employee or duly authorized representative of a community school is a public official

- Valerie =
  - Superintendent = Officer and employee
  - Authorized representative—Signatory on bank accounts

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- Ohio Rev. Code Section 2921.42(A)(4)
  - Prohibits public official from having interest in the benefits of a public contract
    - Community School = Political subdivision
    - Clyde and Valerie = Public officials for R.C. 2921.42(A)(4)
    - Interest in public contract
      - ◊ Receives share of proceeds
      - ◊ Financial stake
      - ◊ An advantage accruing from

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- Faithless Servant Doctrine
  - Agent entitled to no compensation if conduct is disobedient or breach of duty of loyalty
  - A public official is a fiduciary
    - Community school officials and agents are fiduciaries

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- Corrupt Practices Act (Ohio Rev. Code Section 2923.34(A))
  - Pattern of activity—Multiple violations of same statute
    - In relation to VLT enterprise
    - Valerie and Clyde liable

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- Judgment in favor of VLT:
  - Against Valerie for \$6,132,071.24
  - Against Clyde for \$5,448,520.23
  - Against Echole for \$328,188.38
  - Against Judy McConnell for \$222,195.07
  - Currently under appeal

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- Ohio Rev. Code Section 3314.03(C)
  - Sponsor/Community School Contract—3314.02
    - Payments to sponsor by community school
      - ✦ Total amount for monitoring, oversight, and technical assistance not to exceed 3% of total amount of payments for operating expenses that the school receives from the state.

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- Ohio Rev. Code Section 3314.46(B)(2)
  - Effective February 1, 2016
  - Sponsor/school district in which community school is located or university
    - ✦ May sell goods or services to community school
    - ✦ No profit to the sponsor
    - ✦ Agreement should set forth goods and services and terms
    - ✦ Sponsor and school should jointly determine value
    - ✦ Maintain documentation of transaction
    - ✦ Contracts existing as of February 1, 2016, exempt until expiration

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- ODE Legal Opinion Letter—September 12, 2017
  - No legal authority for school simply to pay unused funds to sponsor beyond statutorily allowed amounts
    - Total of 3%
    - Payment for goods and services where allowed
    - Instances of “sweeping funds”
      - ✦ ODE will refer to Ethics and Auditor of State
      - ✦ ODE Legal Opinion Letter—May 11, 2018
        - “...3314.46 can be reasonably as a policy decision of the General Assembly to limit a sponsor’s fees to three per cent of the total amount of payments for operating expenses that the school receives from the state.”

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- JANUS vs. AFSCME, COUNCIL 31
  - No. 16-1466, 585 U.S. \_\_\_\_\_
  - No public sector employee, having refused membership in a trade union, may be compelled to pay union dues to said union because of the benefits he may receive from their collective bargaining. Fair share agreements, when applied to public sector workers, violate the First Amendment protections of free association and freedom of speech.
  - 5 to 4 decision, June 27, 2018

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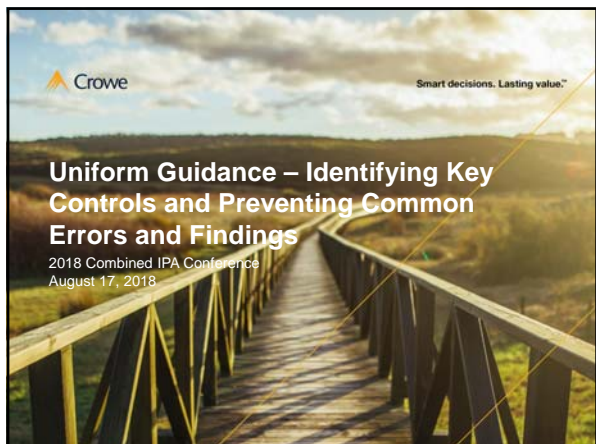
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**Your Presenters**

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 **Christine Torres, Partner**  
19 years at Crowe  
Works with public sector clients including governments and not-for-profits, including those receiving federal and state financial assistance  
Member of the Illinois Government Finance Officers Association

 **Jonathan Schultz, Senior Manager**  
12 years at Crowe  
Works with public Colleges and Universities and related Foundations and other governmental entities  
Extensive experience with audits under Uniform Guidance (formerly A-133)

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**Session Outline**

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- Objectives
- Compliance Requirements Overview
- Audit Quality Results
- Examples of Key Controls
- Common Issues/Challenges with Uniform Guidance
- Audit Preparation for the Government Business Official

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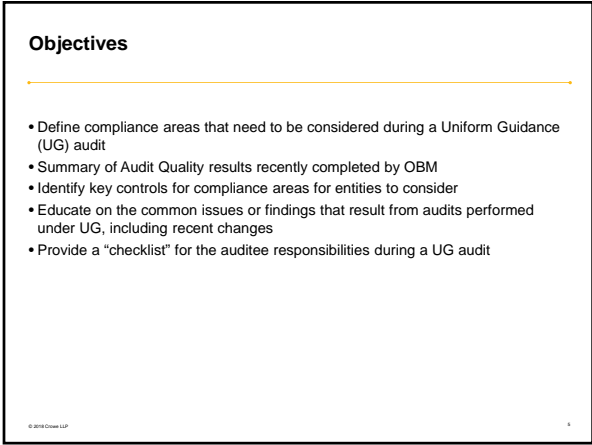
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### Activities Allowed/Unallowed & Allowable Costs/Cost Principles

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- Allowable/Unallowable Activities are ones that can or cannot be funded under a specific program.
- Allowable Costs/Cost Principles describes the cost accounting requirements associated with federal awards.
  - These include "old" cost principles: OMB Circular A-21, "Cost Principles for Educational Institutions;" Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments;" Circular A-122, "Cost Principles for Nonprofit Organizations."
  - Or these include Uniform Guidance, Subpart E - §200.400 series
- Very Important Transition from A-133 to UG – Will use both of the above for some period of time.
- Most significant changes under new guidance related to time and effort reporting and indirect costs

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### Indirect Costs

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- Indirect Costs (200.412-.415)
  - Federal agencies will have to accept a non-federal entity's negotiated indirect cost rate unless statute or regulation allows for an exception or agency head approves
  - Non-federal entities will have option to extend rate for up to four years (one-time extension with some caveats)
  - Non-federal entities that have never received negotiated rate will be permitted to charge a de minimis rate of 10% of modified total direct costs which may be used indefinitely
  - Must be used consistently for all federal awards until entity chooses to negotiate for a rate

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### Cash Management

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- When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government
- When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement
- Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency
- Program Income typically must be spent first
- For grants and cooperative agreements, all non-federal entities must establish written procedures to implement the requirements of 2 CFR section 200.305. (2 CFR 200.302 (b)(6))

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**Eligibility**

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- Specifies the criteria for determining the individuals, groups of individuals, or subrecipients that can participate in the program and the amounts of assistance for which they qualify
- Eligibility of those participating in the program funded by the grant or contract rather than the eligibility of the primary recipient

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**Equipment and Real Property Management**

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- Equipment and real property management provides standards for the use and disposition of equipment and real property purchased with federal funds
- These requirements cover records and inventory management
- Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit
- Title vests with non-federal entity

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**Matching, Level of Effort, Earmarking**

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- Matching is amount (or percentage) of grantee contributions or matching funds provided
- Matching, or cost sharing, includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards
- Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions)

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### Matching, Level of Effort, Earmarking

- Level of effort (LOE) is specified service or expenditure levels maintained from period to period
- Level of effort may include provisions for funds to supplement and not supplant non-federal funding of services
- Earmarking is minimum or maximum limits for specified purposes
- Earmarking may relate to amounts or types of participants covered

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### Period of Performance

- Time period during which the non-federal entity can use the grant funds
- Only costs incurred during the specified period may be charged to the grant award
- Sometimes pre-award costs are approved
- Can sometimes be "carried over"

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### Procurement, Suspension & Debarment

- Procurement - States, and governmental subrecipients of states, shall use the same state policies and procedures used for procurements from non-federal funds
- Suspension & Debarment - Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred
- Excluded Parties Listing – [www.epls.gov](http://www.epls.gov)

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**Program Income**

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- Gross income received that is directly generated by the federally-funded project during the grant period
- Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds

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**Reporting**

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- Grant recipients are required to use standard financial reporting forms for submitting information to the grantor agency
- Many times these reports are required of state agencies who develop their own reports for sub-grantees (local governments)
- Performance or special reports may be required

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**Subrecipient Monitoring**

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- Subrecipient monitoring requires recipients to monitor the activities of subrecipients relative to their federal awards
- An award recipient is responsible for:
  - At the time of the award, identifying to the subrecipient the federal award information and applicable compliance requirements
  - Monitoring the subrecipient's use of federal awards
  - Ensuring that subrecipients expending \$750,000 or more in federal awards are audited
  - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations

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**Special Tests & Provisions**

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- Additional requirements set forth by federal agency – see Part IV of the Compliance Supplement
- Found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program
- Not every federal program has special tests and/or provisions

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**Audit quality results**

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**Quality Control Review by OMB**

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- Peer review program took a random sample of 87 single audits, all with year ends of 11/30/15 or prior
- Engagements were separately reviewed by single audit subject matter experts to determine if performed in conformity with standards
- 48% of the engagements were found to be "non-conforming"

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**Quality Control Review by OMB**

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- Common problem areas
  - Control testing (planning and performance)
  - Compliance testing (planning and performance)
  - Identifying direct and material compliance requirements

**By far the most common problem area centered around control testing**

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**Quality Control Review by OMB**

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Common Issues found related to Internal Control Testing

Description of Issue	# of engagements
Insufficient evidence in file that the firm testing controls around each major program's direct and material compliance requirements	25
Failed to document understanding of controls for each major program's direct and material compliance requirements	22
No evidence that the firm testing controls over compliance at all	12

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**Quality Control Review by OMB**

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**Reminder: Under Uniform Guidance, Auditors must:**

- Perform procedures to obtain an understanding of internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk of noncompliance for major programs
- Plan testing of internal control over the relevant compliance requirements for each major program
- Perform testing of internal control as planned
- Report on internal control over compliance

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**Quality Control Review by OMB**

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Common Problems found in Internal Controls

- Did not test internal controls over compliance – asserted that the controls were the same as those tested in the financial statement audit
- Did not test internal controls but used a “cycling” approach (once every 3 years)
- Combined internal control assessments for all major programs
- Failed to document an understanding of internal control
- Did not test controls because control risk was assessed at high, yet did not report a finding

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**Quality Control Review by OMB**

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Common Issues found related to Compliance Testing

Description of Issue	# of engagements
Insufficient evidence that the firm tested each major program’s direct and material compliance requirements	17
Insufficient documentation of the sufficiency of the sample and/or how it was selected	8
No evidence that the firm tested compliance at all	4

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**Quality Control Review by OMB**

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Common Problems found in Compliance Testing

- Auditors felt “vouching” reimbursements was sufficient testing of direct and material compliance requirements
- Auditors felt that cash management was not applicable when funds were received only after they were incurred
- Auditors did not clearly document determinations of allowability of expenditures as compared to grant agreements, CFDA detail, etc.

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### Quality Control Review by OMB

Common Issues found related to Identifying Compliance Requirements for a Major Program and Assessing Risk

Description of Issue	# of engagements
Indicated an applicable compliance requirement was not direct and material, but didn't document rationale	8
No evidence that the auditor considered which compliance requirements were direct and material	6
Failed to assess risk of material noncompliance due to fraud	6
Missed compliance requirements by using outdated Compliance Supplement	4

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### Quality Control Review by OMB

Reminder: When using the Compliance Supplement matrix, a "Y" answer may appear even though a requirement may not apply to a particular entity

- May not have relevant activity
- May not have material effect on major program

**Use professional judgment and DOCUMENT!!!**

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### Quality Control Review by OMB

Other issues identified during Quality Control Review:

- Type A/B determinations
- Low-risk auditee determinations
- Subsequent event documentation
- Documentation of questioned costs
- Reporting within the Schedule of Findings and Questioned Costs
- Documentation of audit procedures related to the Schedule of Expenditures of Federal Awards

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**Examples of key controls**

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**Activities Allowed/Unallowed & Allowable Costs**

- Examples of key controls for each of these compliance requirements?
  - Manager approval (control activity)
  - PO process (control environment and activity)
  - Establishment of program budgets (control environment)
  - Review of program budget to actual results (monitoring)
  - Training programs (information and communication)

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**Cash Management**

- Examples of key controls for this compliance requirement?
  - Manager approval of cash draws (control activity)
  - Review of budget to actual G/L (monitoring)
  - Routine assessments of cash needs (risk assessment, monitoring)
  - Under UG, all non-federal entities must establish a written procedures to implement the requirements of 2 CFR section 200.305 -the cash management requirement (control environment)

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**Eligibility**

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- Examples of key controls for this compliance requirement?
  - Training requirements for staff (information and communication)
  - Checklist completed and signed off for each application (control activity)
  - Supervisory review of eligibility conclusions (monitoring)
  - Realistic case loads (control environment)
  - Existence of employee training programs (information and communication)

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**Equipment and Real Property Management**

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- Examples of key controls for this compliance requirement?
  - Process for tracking assets purchased (and disposed) with federal funds
  - Accounting system allows for separate identification of property acquired with federal funds (information and communication)
  - Management reviews inventory counts and discrepancies (monitoring)
  - Property tags are used (control activity)

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**Matching, LOE, Earmarking**

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- Examples of key controls for this compliance requirement?
  - Match amounts included in budget (control environment)
  - Review of budget to actual reports by management (monitoring)
  - Accounting system capability of tracking requirements (information and communication)
  - Supervisory verification that requirements are met (monitoring)

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### Period of Performance

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- Examples of key controls for this compliance requirement?
  - Manager approval of expenditures (control activity)
  - Review of expenditures immediately before and after grant cut-off date to ensure compliance (monitoring)
  - Budgetary process considers term of grant funding (risk assessment)
  - Accounting system prevents processing of expenditure outside of grant period (control activity)

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### Procurement, Suspension & Debarment

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- Examples of key controls for this compliance requirement?
  - Evidence of the auditee verification process for S&D – auditee use of EPLS.gov (control activity)
  - Inclusion of language regarding S&D in RFP or other bid documents (control environment)
  - Board approval of large or complex procurement contracts (control environment)
  - Conflict of interest policies for individuals with procurement responsibilities (risk assessment, control activity)
  - Utilization of a procurement checklist which is reviewed and maintained in file (control activity, monitoring)

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### Program Income

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- Examples of key controls for this compliance requirement?
  - Accounting system ability to track program income (information and communication)
  - Grant budget (control environment)
  - Analysis of budget to actual (risk assessment)
  - Proper segregation of duties for collection and recording of program income (control activities)

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**Reporting**

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- Examples of key controls for this compliance requirement?
  - Manager approval of reports (control activity)
  - Personnel preparing reports have the appropriate skills and ability (control environment)
  - Existence of a tracking system to remind staff when reports are due (control activity)
  - Supervisory comparison of reports to supporting records (monitoring)
  - Existence of policies and procedures for reporting (control environment)

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**Subrecipient Monitoring**

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- Examples of key controls for this compliance requirement?
  - Inclusion of required communications in agreements/contracts (information and communication)
  - Dedication of knowledgeable resources for subrecipient monitoring (control environment)
  - Existence of risk assessment process for monitoring (risk assessment)
  - Use and review of monitoring checklists (control activity)
  - Monitoring receipt of, and review of, subrecipient A-133 reports (control activity)

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**Common Issues/Challenges with Uniform Guidance**

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**UG – Changes in Time & Effort**

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- Compensation – Personal Services (200.430)
  - Requirements for:
    - Existence of employees
    - Reasonableness of compensation
    - Assignment and allocation to federal awards
  - Changes primarily in the area of assignment and allocation of salaries to federal awards

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**UG - Changes in Time & Effort**

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- Compensation – Personal Services
  - New language intended to reduce the administrative burden of documenting time and effort
  - Less prescriptive on documentation – places great emphasis on internal controls
  - However, there is a requirement that charges must be based on records
  - Will allow entities to replace detailed time and effort reports with performance based reporting based on milestones (agency approval required)

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**UG - Changes in Time & Effort**

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- Compensation – Personal Services
  - Time and distribution records must be maintained for all employees whose salary is:
    - Paid in whole or in part with federal funds
    - Used to meet a match/cost share requirement
  - Not based on budget estimates alone – needs to be ACTUAL
  - Full disclosure
    - All time worked for the organization and what percentage is federal

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**UG - Changes in Time & Effort**

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- Compensation – Personal Services
- Budgets alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
  - The system for establishing the estimates produces reasonable approximations of the activity actually performed
  - Significant changes in the corresponding work activity are identified and entered into the records in a timely manner, i.e. one or two months
  - The non-federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates
  - All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated

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**UG - Changes in Time & Effort**

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- Compensation – Personal Services
- Charges must be based on records that accurately reflect the work performed
- Must be supported by a system of internal controls which provides reasonable assurance that amounts are accurate, allowable and properly allocated
- Be incorporated into official records
- Reasonable reflect total activity for which employee is compensated

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**UG - Changes in Time & Effort**

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- Compensation – Personal Services
- Activities may be expressed as a percentage distribution of total activities
- Nonexempt employees, must also prepare records indicating the total number of hours worked each day
- Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner

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### UG - Changes in Procurement Requirements

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• Procurement

- Non-federal entities will follow the five procurement methods outlined in the Guidance including small purchase procedures which are subject to the Simplified Acquisition Threshold, micro-purchases, sealed bids, competitive proposals, and sole source.

**All auditees should review these changes carefully to determine the impact on their procurement procedures, in particular those relating to procurement card programs.**

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### Procurement Process

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- Micro Purchases (less than \$3,500) – do not require the solicitation of competitive quotes, if the price is considered to be reasonable, but the purchases must be distributed equitably among qualified vendors to the extent possible.
- Small Purchases (less than \$150,000) – require obtaining price and rate quotes from an adequate number of qualified sources. It is likely that most organizations have more stringent guidelines, and are free to continue to use their own.
- Large Purchases (more than \$150,000) – sealed bids are required, and preferred for any sized construction project. Bids must be publicly solicited and awarded to the responsible bidder with the lowest bid. Every bid must be publicly opened at a time and place announced in the RFP.

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### Procurement Process

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National Defense Authorization Acts of 2017 and 2018 changed acquisition and micro-purchase thresholds

**2017**

- Raised the micropurchase threshold to \$10,000 for procurements under grants and cooperative agreements to institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes
- Allowed a threshold higher than \$10,000 upon formal request/approval

**2018**

- Increased simplified acquisition threshold to \$250,000 and the micro-purchase threshold to \$10,000 for ALL auditees for ALL federal grants
- Not yet codified, however the OMB issued Memorandum M-18-18, effective June 20, 2018, to make an exception available to immediately start utilizing the new threshold as long as documented in internal procurement policies

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**Procurement Process**

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- Competitive proposals are used when conditions aren't appropriate for sealed bids, and are conducted with more than one vendor submitting an offer. The contract must be awarded to the "most advantageous" offer. An organization will need written documentation of its method of evaluation and selection, particularly if it doesn't go with the lowest bid.
- An organization can procure by soliciting a noncompetitive proposal from a single source, only if the following circumstances apply:
  - The item is available from only one vendor
  - An emergency won't allow for the delay associated with competitive solicitation
  - The awarding agency expressly authorizes a written request from the grantee
  - Competition is determined to be inadequate after solicitation of a number of sources

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**UG - Changes in Procurement Requirements**

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- Implementation: 3 full fiscal years after the effective date of the Uniform Guidance (December 26, 2014)
- A 12/31 year-end has to implement procurement standards for its fiscal year beginning 1/1/18 (its 12/31/18 fiscal year-end)
- A 6/30 year-end has to implement the procurement standards for its fiscal year beginning 7/1/18 (its 6/30/19 fiscal year-end)

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**Procurement Process**

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- Organizations should already be in the process of implementing the guidance, including the procurement standards. Organizations are advised to consult with their auditors to determine how their audits will be affected by the changes in the guidance, but, organizations cannot rely on auditors to implement any/all of the changes.

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### Subrecipient Monitoring - Changes in the UG

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- Subrecipient Monitoring (200.330-332)
- Guidance on subrecipient versus contractor determination expanded and relocated to administrative requirements
- Criteria for determination basically unchanged
- New subaward requirements
- New requirements for PTEs with regard to monitoring activities
- UG contains much more detailed than guidance previously contained in Compliance Supplement
- PTEs required to perform a risk assessment of subrecipients

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### Subrecipient Monitoring - Changes in the UG

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- Pass through entities must evaluate subrecipient risk of noncompliance for purposes of determining appropriate subrecipient monitoring including consideration of such factors as:
- Sub recipient experience with the same or similar subawards
- Results of previous audits, including if the subrecipients has a single audit and the extent to which the subaward has been audited as major
- If subrecipient has new personnel or substantially changed systems
- Extent and results of Federal award agency monitoring

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### Subrecipient Monitoring - Changes in the UG

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- Pass through entity monitoring of the subrecipient must include:
- Reviewing financial and performance reports required by the pass through entity
- Following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award
- Issue a management decision for audit findings pertaining to the federal award
- Additional monitoring to be determined based on the results of the risk assessment

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**Required Written Procedures**

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- Records that identify the source and application of funds for federally funded activities (200.302)
- Effective control over and accountability for all funds, property, and other assets (200.302)
- Written procedures to implement the cash management requirements (200.302)
- Written procedures for determining the allowability of costs in accordance with cost principles and terms and conditions of the federal awards (200.302)
- Conflict of interest policy (200.318)
- Written documentation of monitoring and risk assessment on subrecipients (200.331)

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**Audit Preparation for the Government Business Official**

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**Auditee Responsibilities**

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- Identification of all federal awards received and expended
- Identification of individual(s) in the organization who will be responsible for monitoring grant compliance
- Providing the correct Catalog of Federal Domestic Assistance (CFDA) number for each grant

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**Auditee Responsibilities**

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- Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
  - Face of SEFA must now include all federal awards expended including:
    - Noncash Assistance
    - Loan Programs (beginning balance of outstanding loans plus loans disbursed plus interest subsidy, cash, or administrative cost allowance)
    - Loan Guarantee Programs
    - Amounts passed through to subrecipients for each program

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**Auditee Responsibilities**

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- Preparation of the Schedule of Expenditures of Federal Awards (SEFA)
  - Footnotes to SEFA must include:
    - Year-end loan balances
    - Whether or not entity used 10% de minimis cost rate
    - Significant accounting policies

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**Auditee Responsibilities**

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- Identification and documentation of each federal program's expenditures in the Organization's accounting system
- Establishing, maintaining and documenting the COSO components of internal control for each federal program

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**Auditee Responsibilities**

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- Identifying, understanding and monitoring the types of compliance requirements that may apply to any federal program as identified in the Compliance Supplement issued by the OMB
- Timely completion and submission of the Data Collection Form to the Federal Audit Clearinghouse
- Follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan

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**Auditee Responsibilities**

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- Document your controls
  - How are you certain your organization is in compliance with (insert specific requirement)?
- Make sure everyone in your organization knows your control system
- Periodically, review the internal control system and see if it is working
- Closely monitor new employees for strict compliance with policies

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**Auditee Responsibilities**

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- Preparing the Summary Schedule of Prior Audit Findings and Corrective Action Plan
- This FAQ reiterates that the auditee is responsible for preparing both the Summary Schedule of Prior Audit Findings (SSPAF) and Corrective Action Plan (CAP) and states that the auditor should not prepare these documents for the auditee
- It also indicates that the CAP must be on the letterhead of the auditee and clarifies that the "views of responsible officials" section of the auditor's finding does not fulfill the auditee's responsibility to prepare the CAP

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**Tips to Avoid Common Findings**

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- Lack of written policy documentation
- The Uniform Guidance requires written policies in order to comply with certain requirements. (Cash management, procurement, subrecipient monitoring, conflicts of interest and time-and-effort reporting)
- Prepare or refresh existing written policies surrounding various aspects of grants management

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**Tips to Avoid Common Findings**

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- Lack of tracking of capital assets purchased with federal funds
- Items should be documented in the property records for each capital asset that was purchased using federal funds: description, serial number or other identifying number, source of funding, title holder, acquisition date, cost, % of federal participation, location, use and condition of the item and disposition data
- Review capital asset listings to verify that all information is being tracked

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**Questions?**

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 Crowe

# Thank You

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**DAVE YOST**  
Ohio Auditor of State



## Community School FTE Testing on Blended & E-Schools

Presented by:  
Mark Long, Chief ATQP  
Kevin Robertson, ATQP

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## ★ Important Note ★

This presentation is to assist auditors in addressing the following new step in OCS 1-27 for blended and e-schools:

*"Determine whether overlap/duplication of time exists between various online learning systems; as well as duplication of time between online learning systems, and classroom or other non-classroom/non-computer time."*

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## ★ Important Note ★

The level of testing ATQP did is not the same as what local auditors need to do. Local auditors are not required to test for every item discussed in this presentation, however, having the knowledge is key to understand the process, and will assist greatly in testing OCS 1-27.

This presentation will:

- First go through what ATQP did, and issues noted.
- Then go through testing local auditors need to do, as described in OCS 1-27.

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## Background - FY15

- Provost Academy Ohio received an FTE review in which ODE determined the Academy's final FTE should be 33.30 rather than the 161.98 reported by the Academy.
- Why? According to the FY15 FTE Review Letter:
  - The Academy could not produce support for participation in learning opportunities for students.
  - Academy policy granting students one day's equivalence of attendance (5 hours) as long as students logged onto the online system for 60 minutes.
- This marked a change in the way Community Schools would have traditionally reported FTEs. Previously, it was acceptable for a school to report FTE based on student enrollment figures.

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## Background – FY16

- 13 E-Schools received FTE Reviews for FY16
  - 9 of 13 had claw backs of funding ranging from 20.4% to 100%
  - 2 of 13 had desk reviews performed which do not entail a detailed review of FTE support
  - 1 of 13 had a clean full FTE review
- 11 E-Schools had no FTE Review performed in FY16
- The largest claw back resulted in a repayment of over \$59 million.
- The large percentage of E-Schools requiring repayment of foundation funding drove AOS to look into what brought about this change and the underlying issues at hand.

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## Background – FY17

- Most schools were still reporting on enrollment at June 30, 2017
  - ODE finished most reviews quickly and gave schools the opportunity to "true up" the school's FTE within 5 business days of receiving ODE's final FTE review letter
    - If the schools "trued up" within the 5 business days no "clawback" was noted in the FTE review letter. The adjustment shows up in the FTE adjustment #1.
    - The adjustments arranged from 41% to 111% of the reported FTE as of June 30<sup>th</sup>.

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## Agenda

- Types of Community Schools
  - Brick and Mortar (B&M) / Site Based
  - Blended Learning
    - Educational Model v. Funding
  - Eschools
- Various types of Learning Management Systems (LMS) and potential issues with each LMS
- Documentation required for Online learning, Classroom and Offline learning
- Testing Methods
- Related 2018 OCS edits

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## Types of Community Schools

- Brick & Mortar – All students attend class daily at a physical location akin to that of a traditional public school.
- Blended Learning – Is first and foremost an Educational Model
  - For funding the key is whether a student is spending a portion of school day outside the classroom. As such, you only test the Blended Learning requirements in the Ohio Compliance Supplement if the student's education plan allows the student to complete a portion of their day outside classroom; this doesn't include Homework.
- E-School – Students work primarily from their residences in non-classroom based learning opportunities via the internet or computer-based instruction. Schools may offer OPTIONAL (that is, not mandatory) classroom-based instruction time.

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## Blended Learning

- What constitutes a Blended Learning school?
- **ORC 3302.41 Use of blended learning model.**
- (A) Any local, city, exempted village, or joint vocational school district, community school established under Chapter 3314. of the Revised Code, STEM school established under Chapter 3326. of the Revised Code, college-preparatory boarding school established under Chapter 3328. of the Revised Code, or chartered nonpublic school may operate all or part of a school using a blended learning model. If a school is operated using a blended learning model or is to cease operating using a blended learning model, the superintendent of the school or district or director of the school shall notify the department of education of that fact not later than the first day of July of the school year for which the change is effective

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# Blended Learning

- o All schools in Ohio may use Blended Learning, however, only in a Community School does the blended learning model have a potential impact on funding.
- o The key word in this definition that affects funding is PLACE; i.e. the student has the ability to complete their school day outside a traditional classroom setting.

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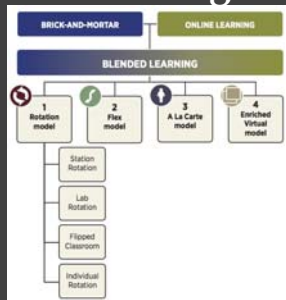
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# Blended Learning Models



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# Blended Learning

- Don't confuse the following with Blended Learning:
  - o *Technology-rich instruction*: a structured education program that shares the features of traditional instruction, but also has digital enhancements such as whiteboards, broad access to Internet devices, digital textbooks, and online lesson plans. The Internet doesn't deliver the content and instruction and if it does, the student still lacks control of time, place, pace and/or path.

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# 1. Rotation Model

- Definition: a program in which within a given course or subject, students rotate on a fixed schedule or at a teacher's discretion between learning modalities at least one of which is online learning.
  - Four types of Rotation Models, as shown in the following slides
    - > Station Rotation
    - > Lab Rotation
    - > Individual Rotation
    - > Flipped Classroom

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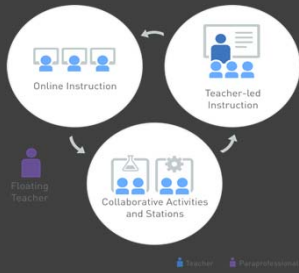
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## Station Rotation



All takes place within the school building = hours are automatically funded.

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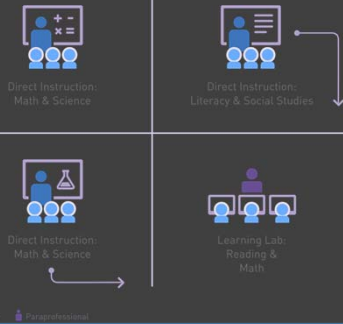
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## Lab Rotation



All takes place within the school building = hours are automatically funded.

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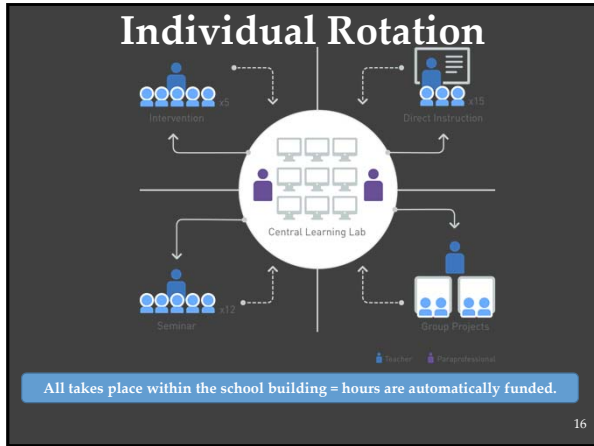
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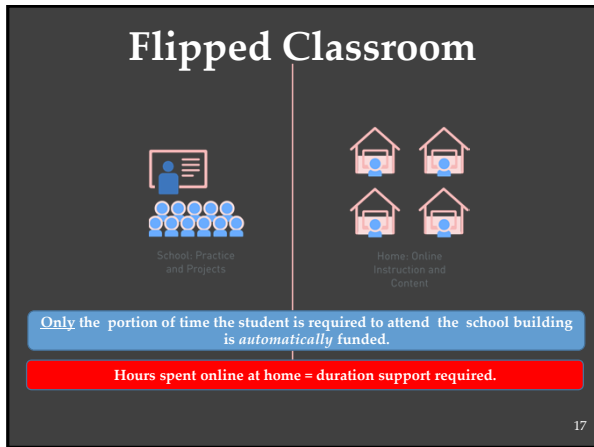
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### 2. Flex Model

- Definition: a program in which content and instruction are delivered primarily by the internet, students move on an individually customized, fluid schedule among learning modalities, and the teacher of record is on-site.

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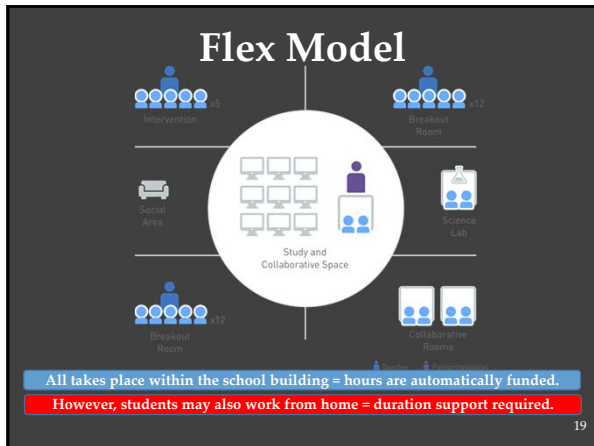
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### 3. A La Carte Model

- Definition: a scenario in which a student takes one or more courses entirely online to supplement their traditional courses and the teacher of record is on-line.
  - This is sometimes called Self-Blend Model
  - If a school is offering the model to students, then there is likely an impact on funding; again you have to determine the number of hours a student is *required* to attend a B&M. Any hours outside the B&M setting will need durational data.

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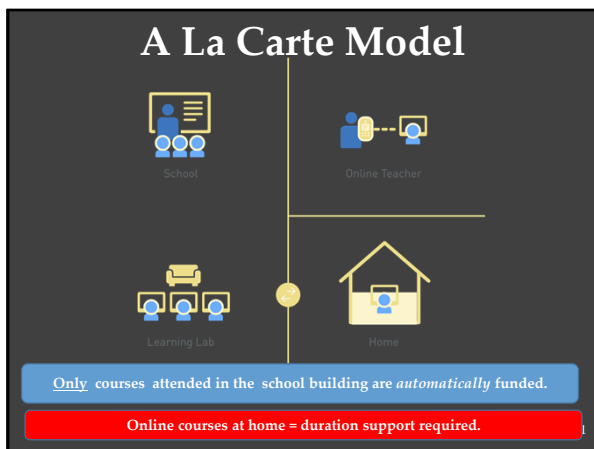
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## 4. Enriched Virtual Classroom

- Definition: a whole-school experience in which within each course, students divide their time between attending a B&M campus and learning remotely.
  - The difference between this and Flipped Classroom is that the student will rarely attend a B&M setting; i.e. there no requirement for the student to attend a B&M setting every day of the week.
  - **Caution:** if a school informs you that some students are working full-time online with no *requirement* to meet with a teacher face to face then the school is actually allowing the student to be a full-time online (Eschool) student. If you see this you want to cite the school for violating their blended learning agreement.
    - *Depending on the % of students being allowed to work entirely online with no requirement to meet the teacher face to face, this will determine if your citation will be a material noncompliance.*

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## Enriched Virtual Classroom



Only the portion of time the student is required to attend the school building is automatically funded.

Hours spent online at home = duration support required.

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## Blended Learning Funding Model

- As we have noted in several slides the key for when a Blended Learning model affects funding, is where and when the learning takes place.
  - If a school's (student's) calendar requires a student to attend 920 hours, or 5 hours a day, in a B&M setting then there is no impact on funding.
  - The only time Blended Learning has an impact on funding is when the school/student calendar allows the student to attend a B&M setting for a portion of the school day (i.e. 2 out of 5 hours). The portion the student is allowed to spend outside the B&M setting is required to have durational data supporting those hours.

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## Blended Learning Funding Model

- Things to be aware of for testing FTEs
  - Credit Flex
    - This can have impact on funding. If a student is taking credit flex courses outside the normal required school hours and outside the B&M setting then durational data may be required.
  - We are aware of schools allowing students to access the Learning Management System from home. Sometimes these students take advantage of this situation and simply decide to miss school and work online the majority of the time.

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## Blended Learning Funding Model

- Things to be aware of for testing FTEs (continued)
  - The ORC requires schools providing the majority of a students learning opportunities to provide the student with a computer and internet access; the same requirement as an Eschool student.
    - ✦ For instance, if a school allows a student to participate in learning opportunities outside the classroom for 500 hours out of the required 920 hours, then the school must provide the student with a computer and internet access.

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## Blended Learning Funding Model

- Things to be aware of for testing FTEs (continued)
  - There is no limit on the number of Blended learning models a school can utilize to educate students.
    - Furthermore, there is no limit on the number of Blended Learning models a student can be allowed to utilize throughout a school year. Meaning a student can start out the school year 100% in a B&M setting, then during the year the student may switch to an Enriched Virtual Learning Model.

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## Blended Learning Funding Model

- Things to be aware of for testing FTEs (continued)
  - Student is accessing the LMS while attending the B&M setting
    - Be careful assuming the durational data received from the LMS(s) should match exactly what was report as online time by the school. In fact, if you find out the students are accessing the LMS while attending the classroom the LMS *should not* match the online time reported by the school.

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## Blended Learning

- IMPORTANT!!!!!!
- House Bill 2 Blended Learning Guide
- Q6: *Please note, not all blended learning models meet requirements included in state law. Blended learning models used by Ohio community schools must require that students spend the majority of their school year on site at their school facility.*

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## Blended Learning Terminology

- *Learning Opportunities* – classroom-based or non-classroom-based supervised instructional and educational activities that are defined in the community school's contract and are (1) Provided by or supervised by a licensed teacher; (2) Goal oriented; and (3) Certified by a licensed teacher as meeting the criteria established for completing the learning opportunity. 'OAC 3301-102-02 (M)'
  - Learning Opportunities should be defined within the school's Sponsor contract and include an indication of what blended learning model will be used, how the school will document participation in learning opportunities, as well as other criteria. – ORC 3314.03 (A) (29)

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## Blended Learning Terminology

- Classroom-based Learning Opportunities: take place within a physical brick and mortar school building (whether students utilize computers or not).
- Nonclassroom-based Learning Opportunities: do NOT take place in a physical brick and mortar school building. Can either be Online or Offline.
  - Online – Learning opportunities by a student taking place on the internet or within the school's Learning Management System (LMS)
  - Offline – Learning opportunities that take place out of the B&M location, but are not tracked within the school's LMS.
    - Examples include mandatory state testing, field trips, reading or studying, physical education, etc. May also include computer time not tracked by the LMS such as time spent in Microsoft Office or watching online videos.

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## Exercise



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## Learning Opportunities

- Learning Opportunities can take several forms. Some examples include:
  - Students are required to attend 10 hours per week on-site at B&M location, whether for tutoring, lecture, testing, etc.
  - Students are required to take a 2 hour state mandated test.
  - Students perform 15 hours a week of online coursework – including recorded lectures, online textbook, homework assignments
  - Students spend 20 hours creating a science project at home
  - Students spend 50 hours reading a novel and writing a book report
- Any activity that pertains to a student's education can be considered a learning opportunity for funding.

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## Learning Management Systems

- Learning Management System (LMS) – A software program that digitally houses an educational curriculum. The LMS is the nexus for students to access assignments, testing, communications, and other educational materials.
  - Can be thought of as an electronic school building.
- Examples of LMS:
  - Brightspace
  - PLATO (Edmentum)
  - Connexus
  - Odysseyware

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## Learning Management System

- Every system captures durations differently and every school configures the LMS as differently; meaning if you have two schools using the same LMS, don't assume the LMS is set up the same way at each school.
- Items that could be different at each school
  - "Forced" time out
  - Client's knowledge of the system
  - System integration
  - Additional educational software utilized

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## Learning Management Systems

- Tracking durational data
  - Log in v. time on activity
    - Use time on activity when determining FTE
  - Data only available in aggregate for the year
  - System tracks "clicks", which require the school to manually track duration by adding a formula
  - System may not track durational time
  - Systems are tracking multiple durational data at once

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# Learning Management Systems

- Forced time out/Idle time
  - Schools should establish a policy identifying the limit on idle/inactive minutes (although this is not something we test for in the OCS).
    - There is currently no guidance from ODE identifying how long a student can set idle/inactive before the school must remove the inactive minutes from their durational time, thus we have seen no limit set, 180 minutes, to as little as 15 minutes.
    - Some systems are capable of showing inactive time or a record of “forced” time outs

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# Idle Time Examples

- The following report (PLATO; an LMS) displays Total Time Logged In and Total Time on Activities; the difference being time the student was not active in the system.

Total Number of Logins	Logins With No Activities Launched	Total Time Logged In	Total Time on Activities	% Time on Activities	Days with a Login
12	3 out of 12	39:49:59	12:46:30	32%	7
2	0 out of 2	03:17:50	03:03:01	93%	2

8/29/2016 (Monday)		Number of Logins: 2	Time Logged In: 07:01:36	Time On Activities: 03:50:39
Session 1. Time Logged In: 05:04:30 Start/End Time: 12:22 PM to 05:27 PM				
Activity	Class/Assignment	Progress	Time On Activity	Score
English IV A: Helpful Links	TDA-Applied English IV A 16-17	Completed	00:00:00	-
Unit 1 - Pretest	TDA-Applied English IV A 16-17	Completed	01:17:29	50%

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# Idle Time Examples

- Schools may be able to run reports that show a student’s idle time. In the following example, the system idles after 180 minutes. Notice anything interesting?

Session Start	Session End	Total Session Duration	Timed Out
9/24/2016 18:22	9/24/2016 21:23	181	TRUE
9/25/2016 1:34	9/25/2016 4:40	186	TRUE
9/25/2016 3:35	9/25/2016 6:40	185	TRUE
9/25/2016 17:36	9/25/2016 20:37	181	TRUE
9/26/2016 5:48	9/26/2016 8:50	182	TRUE
9/26/2016 23:45	9/27/2016 2:50	185	TRUE
9/27/2016 14:48	9/27/2016 17:50	182	TRUE
9/27/2016 19:05	9/27/2016 22:06	181	TRUE
9/28/2016 1:19	9/28/2016 4:20	181	TRUE

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## Learning Management Systems

- Data only available in aggregate
  - Some systems only show the total daily hours or total yearly hours.
    - Without seeing the beginning and ending times you can't test for duplications between the various educational software utilized by the schools.
      - ❖ If you see only aggregate data, you can't give any assurance the FTE is accurate.
      - ❖ While ODE has accepted this in the past, the auditors should not accept this as proper documentation to support durational data.

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## Learning Management Systems

- ❖ Caution: Determine the significance of the system to the overall data to determine how to report this issue.
  - Example: if the system is used only to educate students for third grade math and third grade only makes up 5% of the student population you may use this to support the placement of your comment

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## Example

- For the following student, the online system was used both on-site in the classroom and at home. Due to the way this system reports time (no beginning or ending times), it would be impossible for auditors to determine whether the learning opportunities took place in-class, and therefore already counted automatically for FTE, or occurred at home.

Classroom Name	Product Name	Primary Teacher Name	Day	Date	Time Spent
Biology Core Sem 1	Biology Core Sem 1		Wednesday	9/2/2015	0.51
Biology Core Sem 1	Biology Core Sem 1		Sunday	9/6/2015	0.52
Biology Core Sem 1	Biology Core Sem 2		Tuesday	9/29/2015	0.57

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## Learning Management System

- Schools should establish a policy and implement controls to address how they will determine if the aggregated time is overlapping.
  - One such way, may be for a school to treat a system showing aggregated time as a system that does not capture durational data and require students to document the time spent in this system in the same manner as Offline time.

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## Learning Management Systems

- Durational data based on “clicks”
  - According to several of the LMS vendors we have spoken to, there really is no true log in/log out.
    - > Durational time is really a matter of counting “clicks”; clicks are nothing more than a person clicking a mouse within an application.
  - The difference between the systems is how the system presents the clicks.
    - > Some systems will simply show the raw data; i.e. every click
    - > While others will generate a report show a beginning time and ending time between the first click and last click; i.e. log in and log out.



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## Learning Management Systems

- System doesn't track durational data
  - LMS or educational software was not designed to measure duration. Those that do have durational information, in most cases, was meant to be used as an analytical tool for teachers to assess a student's progress.
  - If a system does not track durational data, the school should require the student to track the time spent on this system in the same manner as Offline time.

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## Learning Management Systems

- System allows a student to open multiple browsers at once; resulting in the system tracking durational data in these browsers simultaneously; resulting in an overstatement of FTE.
- We are aware that some schools have developed their systems to track duplications and remove duplication/overlapping. AoS has not done any testing on these systems.
- Duplicating and overlapping of time is a large risk that auditors should develop steps to address.

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## Overlap Examples

- Overlapping of Duration within a Single System

D	E	F	G	H	I
Description	Start Date	End Date	Total Minutes	Session ID	School Year
Brightspace Activity Report Import	8/11/2016 9:24 AM	8/11/2016 12:30 PM	186.00	964863	16-17
Brightspace Activity Report Import	8/11/2016 9:34 AM	8/11/2016 1:00 PM	206.00	964882	16-17

The second row has a start time that begins within the first row's start and end time. The first row has an end time that ends within the second row's start and end time. Therefore, using the start time of 9:24AM and end time of 1:00PM would give a total duration of 216 minutes. Without reducing, the time would be reported as 392 minutes.

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## Overlap Examples

- Overlapping of Duration within a Single System

D	E	F	G	H
Description	Start Date	End Date	Total Minutes	Session ID
Activity Report Import	10/28/2016 8:06 PM	10/28/2016 11:20 PM	194.00	1174920
Activity Report Import	10/28/2016 8:22 PM	10/28/2016 8:47 PM	25.00	1174958

- In this example, the second row's duration is contained entirely within the first row's start and end times. Therefore, the entire 25 minutes of the second row overlaps, and only 194 minutes of time should be reported in this case, as opposed to the 219 minutes that may have been reported otherwise.

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## Overlap Examples

- Overlapping of Duration between System and Offline Time

"Offline Activity" - "Physical Education - Fitnessgram Drop Box"	09/25/2016 13:45	09/25/2016 18:45	300	
"Offline Activity" - "Physical Education - Standard 3 Drop Box"	09/30/2016 13:45	09/30/2016 18:45	300	
"Offline Activity" - ""	10/11/2016 14:45	10/11/2016 19:45	300	
Brightspace	Brightspace Activity Report Import	9/30/2016 12:02 PM	9/30/2016 3:30 PM	208.00

- Same student, top example is offline time reported, bottom is from the LMS. Offline time is being reported in the 24-hour format and would need changed to 12-hour format for comparison. On 9/30/16 the student reported Phys Ed from 1:45PM – 6:45PM. Online time overlaps from 1:45 to 3:30PM, therefore the true duration is from 12:02PM to 6:45PM, or 403 minutes. Reported separately, the school would have had 508 minutes.

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## Duplication Example

- Duplication of Time within a System

Brightspace Activity Report Import	5/1/2017 11:20 PM	5/1/2017 11:45 PM	25.00	1625323
Brightspace Activity Report Import	5/26/2017 8:53 PM	5/27/2017 12:20 AM	207.00	1878676
Brightspace Activity Report Import	5/27/2017 12:07 PM	5/27/2017 3:10 PM	183.00	1879251
Brightspace Activity Report Import	5/27/2017 8:05 PM	5/27/2017 11:10 PM	185.00	1879533
Brightspace Activity Report Import	5/28/2017 6:58 PM	5/28/2017 9:40 PM	182.00	1880971
Brightspace Activity Report Import	5/29/2017 12:30 PM	5/29/2017 3:40 PM	190.00	1881730
Brightspace Activity Report Import	5/30/2017 8:34 PM	5/30/2017 8:37 PM	3.00	1884527
Brightspace Activity Report Import	5/3/2017 8:49 PM	5/3/2017 8:49 PM	0.00	1830729
Brightspace Activity Report Import	5/3/2017 8:49 PM	5/3/2017 11:14 PM	145.00	1830733
Brightspace Activity Report Import	5/4/2017 10:01 PM	5/4/2017 10:03 PM	2.00	1833706
Brightspace Activity Report Import	5/5/2017 9:48 PM	5/6/2017 12:30 AM	182.00	1836183
Brightspace Activity Report Import	5/7/2017 2:53 PM	5/7/2017 6:30 PM	217.00	1837403
Brightspace Activity Report Import	5/25/2017 1:09 PM	5/25/2017 4:30 PM	201.00	1875655
Brightspace Activity Report Import	5/25/2017 8:54 PM	5/25/2017 10:20 PM	206.00	1878359
Brightspace Activity Report Import	5/1/2017 11:20 PM	5/1/2017 11:45 PM	25.00	1625323

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## LMS Interfacing

- Often LMS do not interface with other systems, websites, or vendors. That is to say the LMS and the other systems do not talk back and forth in such a way that they can provide information between each other.
- Some common interface protocols include:
  - LTI – Learning Tools Interoperability
  - API – Application Programming Interface
- If two separate systems both utilize LTI, they are able to share information together. Same as if both use API.
- If one system uses LTI and the other an API, then the school must attempt to purchase an API or LTI key without the Key they likely will not share information.

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## Offline Time

- Offline time is the time a student spends on learning opportunities outside the classroom and off the computer; it can be on the computer as well if the system or software doesn't track time.
- Examples of Offline Time:
  - Field Trips
  - Reading Logs
  - Hard copy assignments
  - Tutoring
  - Physical Education

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## Offline Time

- Examples of instance where time spent on the computer may be tracked as Offline Time:
  - Time spent in a Microsoft Office product; word, excel, etc.
  - Time spent watching an educational video on YouTube
  - Online system not capable of tracking duration
- Examples of other Miscellaneous items that may be tracked offline
  - Work Study Program
  - College Credit Plus

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## Offline Time

- ODE requires the following information to be documented for offline time:
  - Student SSID
  - Brief description of learning opportunities (e.g. course or class)
  - Dates and times of actual learning opportunities
  - Total verified learning opportunities
  - Teacher Certification of reported learning opportunities

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## Offline Time

- Following are a few areas of risk as it relates to Offline Time
  - Dates and Times of learning opportunities
    - Time should be documented in a manner that shows beginning and ending time spent on each learning opportunity.
    - Not all offline time will be documented with a beginning and ending time for Auditors to be able to verify the time in order to check for duplication if the risk is significant; college credit plus and work study.
    - Risk of duplication between documented Offline time and the time captured by the online systems.

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## Offline Time

- Following are a few areas of risk as it relates to Offline Time (continued)
  - Teacher Certification
    - While the prior ODE FTE manual stated an employee or teacher may certify the offline hours, ODE now states only a licensed teacher can certify the students offline hours.
    - While it is unclear how often a teacher is required to certify the time, auditors should make sure the certification is done in a timely manner.

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## Offline Time

- Following are a few areas of risk as it relates to Offline Time (continued)
  - Teacher Certification
    - Some schools have an unwritten policy that requires teachers to adjust the offline time a student submits based on the quality of work the students submits to support the documented time.
      - ✦ This is a very subjective matter and Auditors should document the risk and steps used to mitigate the risk.
        - For instance, if Auditors learn that Teachers are *increasing* the student's hours then Auditors should determine the steps necessary to test this risk.

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## Offline Time

- Following are a few areas of risk as it relates to Offline Time (continued)
  - Estimates
    - The FTE manual states “Schools may not use estimates of time it takes for students to complete tasks. Schools can only claim the verified time a student is participating in learning opportunities”




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## Miscellaneous Items

- Within this section we will go over additional items that are important to understand that can or will have an impact on the FTE calculation;
  - “Correspondence” course
  - Percent of Time
  - Requirement to Adjust FTEs throughout the year
  - Student Information Systems

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## Correspondence Courses

- “Correspondence” course: “correspondence” is not defined in law or rule so the following is how we define correspondence.
  - Correspondence course in which a student performs work using a hard copy textbook or pen/pencil and paper to complete an assignment.
  - Many E-school’s and some blended learning school’s will utilize correspondence courses.

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## Correspondence Courses

- “Why is there a concern with correspondence courses?
  - ODE has a document “House Bill 2 Guidance for Blended Learning for Community Schools” in which Question 8 states “Can correspondence courses by mail be part of the instructional delivery for students in community schools utilizing blended learning models?”
    - No. Correspondence courses are not a recognized blended learning model as they do not provide opportunities for both in-person and online learning; therefore correspondence courses do not meet the definition of blended learning.

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## Student Information Systems

- Student Information Systems (SIS); these are the systems utilize to track various information required to be submitted to ODE; including student enrollment, withdraw, and attendance. Ex. DASL and Powerschool
  - Most SIS systems are not programmed to track durational data. The SIS is programmed in most cases to only track the enrollment period; thus the school is required to track the durational data and adjust the enrollment period in the SIS using the Percent of Time the students participated in learning opportunities supported by the durational data.

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## Percent of Time

- Percent of time is key to reporting the proper FTE. A school can maintain all the durational support but if the school doesn't adjust (“true up”) the FTE based on percent of time the durational data supports then it is all for nothing.
  - Enrollment period (Enrollment date through withdraw date) is still important for calculating the FTE; the enrollment period will always be the denominator when calculating the percent of time factor.

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## Percent of Time

- Example from ODE website:
  - ❖ **What is the percent of time factor? What should it be used for?**  
The percent of time factor is critical to use for eSchools and non-classroom learning opportunities. It will also be used for brick and mortar schools where the student is attending part time or participating in courses at a JVSD or CC+.

For example, if a student is enrolled for the full year at an eSchool (with a reported calendar of 920 hours) and has 736 hours of documented learning opportunities (both classroom and non-classroom; online and offline), the percent of time factor for the student should be reported as 80% ( $736/920 = .8$ ) and the student would generate 0.8 FTE.

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## Percent of Time

- Risk associated with Percent of Time:
  - School may have collected durational data that exceeds the enrollment period, which could result in FTE being over stated.
    - Example: A student is enrolled for half a year (50% or .50 FTE) but school can demonstrate the student participated in 920 hours of learning opportunities. The school may feel they deserve to get 1 FTE for this student because the support shows the student did a full year's worth of work. However, the school can only claim a maximum FTE of .50 or the FTE based off of the enrollment period.
      - ❖ The Percent of Time can be lower than the FTE based off of enrollment period, but it can *never be higher* than the enrollment FTE.

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## Percent of Time

- ODE Guide



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## Adjusting FTE

- While there is no requirement to adjust the FTE based on durational data throughout the year, the Auditor of State recommends the school adjust percent of time on a regular basis.
  - While the new truancy law based off HB410 has no impact on school funding, it will require the schools to monitor durational data more closely in order to comply with the new truancy law for FY18.
  - Additionally, while a school can report FTE based on enrollment at June 30<sup>th</sup>; a school is required by law to "true up" the FTE by July 28<sup>th</sup>, if the true up after year end causes the school to have an FTE adjustment great than 10%, then likely ODE will perform an FTE review the subsequent year.

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## 2018 OCS 1-27 Edits

- Several updates made due to changes in ODE's 2018 FTE Review Manual
  - I.e., Manual student activity logs can now only be certified by teachers. (Prior version said any employee of the school could verify.)
- Removed duplicative language
- Added FTE 'true-up' guidance and step
- Removed language that the testing *could* result in an opinion modification. (Retained language that no FFR's will be issued, but rather noncompliance and referrals to ODE will be made.)
- Added guidance regarding duplication of time being addressed in school policies/procedures; and if it is not, consider making an internal control comment. Also added step to test duplication of time.

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## 2018 OCS 1-27 Edits

- Added sample citation to use if noncompliance is noted with guidance from the FTE review manual and a noncompliance citation is warranted
  - Cites ORC 3314.08
  - Includes FTE review manual

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## 2018 OCS 1-27 Edits

- Clarified which steps to test for blended schools
  - Section 1 now titled: Procedures For all Community Schools (Brick and Mortar, **Blended, and** E-Schools)
  - Section 2 now titled: Procedures For Brick & Mortar / Site-Based Schools (non-electronic schools), **and Blended Schools**
    - Within this section it now states: **In addition, for students participating in blended learning, complete e-school steps 12b & c below with regards to the non-classroom time.**
  - Section 3 remains titled: Procedures for E-Schools

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## 2018 OCS 1-27 Edits

- Added guidance for blended schools
  - Auditors should focus on determining which hours are non-classroom based
  - Blended learning educational model v/s blended learning for FTE/funding purposes
  - Blended learning opportunities occurring within the brick & mortar location are funded under the brick & mortar rules – meaning if a student is using an online instructional program **while at the school building**, the school would receive funding and not have to support duration of time
  - Provided examples of different blended learning models

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## ★ 2018 OCS 1-27 Edits ★

### • Substantive Testing

- Tests that stated ‘select a representative number of students’ – added guidance regarding how many students to test
- Auditors should test based upon the risk identified during the initial walk through of the school’s control over the capturing durational data.
  - For instance, if no policy exist over removing duplication then auditors should design a test to mitigate this risk.

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## OCS 1-27 Testing

- Step 1: Obtain a copy of the school's enrollment and attendance policies and procedures.
  - The following are some questions staff may consider asking the appropriate school personnel:



Microsoft Word Document

- Once an auditor obtains this information it will assist them with steps 2 through 5.

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## OCS 1-27

- Step 12: Relates to Eschools
  - Steps b and c are also for Blended Learning schools offering learning opportunities outside of a B&M setting
  - Steps a and d; be careful when selecting these from an EMIS report or SIS report. A change in a student's record requires the school to close a student's record and begin a new one.
  - Step b: Utilize the information gained from Step 1.

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## OCS 1-27

- Step 12C:
  - Testing duration can be complex, but if you gain a basic understanding of the system(s) and procedures used to capture durational data it allows you to identify areas of concern.
  - Analyze system reports for:
    - > 10 hour rule
    - > Duplication
    - > Overlap
    - > Significant offline time

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**Community School  
FTE Testing on Blended & e-Schools**

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## Directions for E-school percent of time template

The following are directions on how to use the e-school percent of time template. Schools may elect to use the template if they find it helpful. You may find it useful to look at the two example workbooks prior to reading these directions. One example workbook is for the FTE detail and one is for Percent of Time.

Run your FTE Detail Report. *Change the name tab to download.* Add two tabs to your workbook. Label them CCP and COMM. Put a filter on the top row of the download tab. Click on the view tab, then click on Freeze Panes, and choose Freeze Top row. Sort column D, SSID, A to Z. Go to column T, Sent Reason 1, click on the drop-down box and see what codes you have. If you have a PS code, deselect the “–” and click OK. You should only see the rows with PS in column T. These are your students taking Post-Secondary courses. You may also have rows that have PS in column V. If you do, they are students taking Post-Secondary courses at a second College. If you do not have any PS codes go to page 4 and begin with COMM.

Copy all the data that you filtered into the CCP tab.

If the FTE Fund Pattern Code in column M are **all CTVC** you are done with CCP. Because they are all CTVC this means all are using CCP through the JVS program, not your E-school.

If you have students with COMM in column M, please continue.

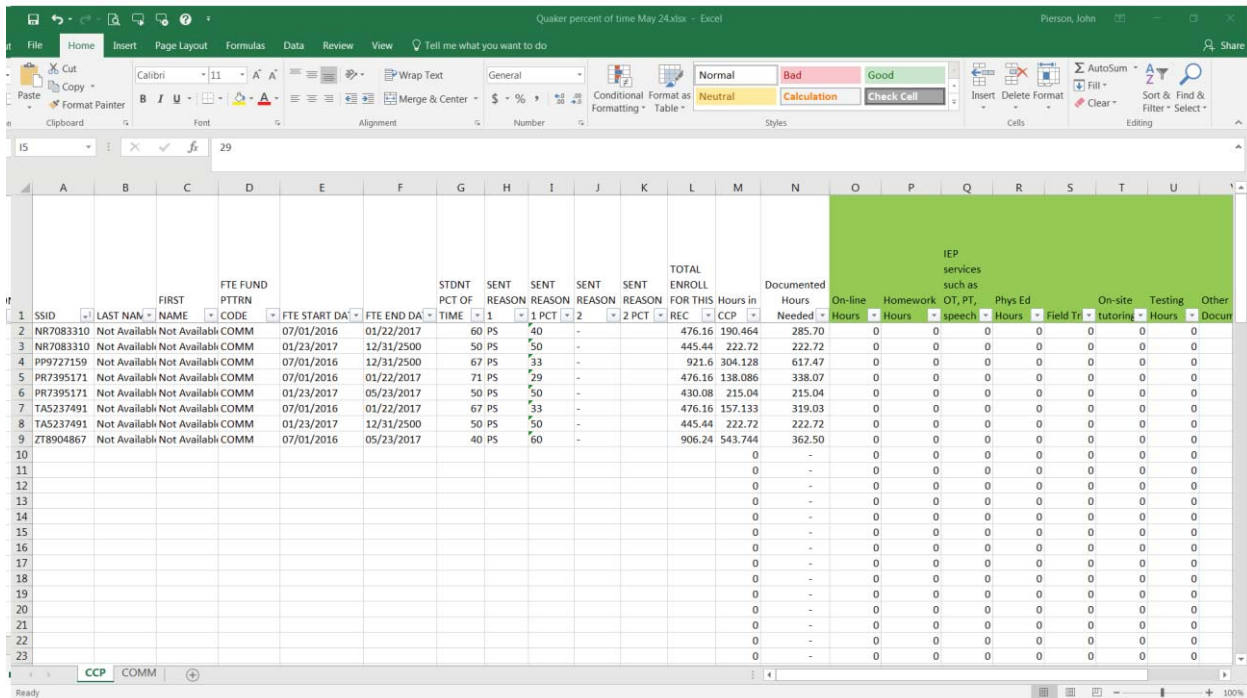
Sort the Fund Pattern Code, Column M, Z to A. If you have any CTVC students, they will start in row 2. Delete all CTVC students.

Sort column D, SSID, A to Z.

In the CCP tab delete all columns, except the twelve columns shown in the screen shot below.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	SSID	LAST NAME	FIRST NAME	FTE FUND PTRRN CODE	FTE START DATE	FTE END DATE	STDNT PCT OF TIME	SENT REASON 1	SENT REASON 1 PCT	SENT REASON 2	SENT REASON 2 PCT	TOTAL ENROLL FOR THIS REC													
1	NR708331	Not Availa	Not Availa	COMM	07/01/2016	01/22/2017	60	PS	40	-	-	476.16													
2	NR708331	Not Availa	Not Availa	COMM	01/23/2017	12/31/2500	50	PS	50	-	-	445.44													
3	PP972735	Not Availa	Not Availa	COMM	07/01/2016	12/31/2500	67	PS	33	-	-	921.6													
4	PR739517	Not Availa	Not Availa	COMM	07/01/2016	01/22/2017	71	PS	29	-	-	476.16													
5	PR739517	Not Availa	Not Availa	COMM	01/23/2017	05/23/2017	50	PS	50	-	-	430.08													
6	TAS23749	Not Availa	Not Availa	COMM	07/01/2016	01/22/2017	67	PS	33	-	-	476.16													
7	TAS23749	Not Availa	Not Availa	COMM	01/23/2017	12/31/2500	50	PS	50	-	-	445.44													
8	ZT890486	Not Availa	Not Availa	COMM	07/01/2016	05/23/2017	40	PS	60	-	-	906.24													

Copy the above data into the CCP tab of the percent of time workbook and the result will look like the screen shot below.



As you can see, column M, Hours in CCP, and column N, Documented Hours Needed, automatically populated. If the school has total documented hours in column W equaling or exceeding the amount in Column N, the percent of time will be 100 in Column X and no adjustment will need to be made. If the hours are less, then you will need to change the FS record of that student to equal the result percent of time calculated in Column Y.

For FY17, ODE will accept your percent of time for CCP if it is reasonable and consistent. Beginning in FY18 we will expect you to calculate them per the guidelines below.

**College Credit Plus calculation.** The rationale for the hours’ calculation assume one semester equals half of a school year. Full time for a college student is typically 12 hours a semester so two semesters equal 24 hours. Therefore, to calculate one semester hour the computation is, calendar hours/24. If you have a 920-hour calendar, one semester hour would equal 38.333334 hours. If a college is on quarters, you would use 36 as the divisor and for a 920-hour calendar one quarter hour would equal 25.5556 hours.

If you have college credit hours you **may not** also document homework, testing or any other hours related to college credit plus. If a student drops the course you **may not document any hours** for the dropped class. If the student fails the course, the hours may be counted.



## Documented Hours

**A student may accumulate hours seven days a week, at any time during the day. However, the student but may not exceed ten hours within any 24- hour period for any, and all documented time. Hours can only be counted during the official calendar year period for the student.**

*On-line Hours.* This is your total documented hours that a student has logged in during this time-period. The software a school uses must be able to show total hours by day, week, and time-period. If the software is not capable of doing this the school needs to put this information into a spreadsheet.

*Homework Hours.* These are hours separate from on-line hours. The hours may not overlap. The certification for these hours must include the date or dates the activity occurred. The activities may include homework in any subject, reading resource documents, writing papers, doing research, conferencing with teachers, etc. These hours must also be able to be shown by day, week, and time-period. The classroom or teacher of record must certify these hours.

*IEP services such as OT, PT, speech.* Hours documented for IEP related services must match both the IEP and the payment for these services. These hours must also be able to be shown by day, week, and time-period. These hours must be certified by the therapist or have a bill indicating the hours of service by student.

*Physical Education Hours.* If a student is enrolled in a physical education course the school must document the hours' the student participated in that course. This can be done by sending a form to the parent or guardian to certify that the student completed those hours. The teacher will provide a spreadsheet with the student verification of hours.

*Field Trips.* The backup for field trips can be a roster of participants certified by the person who supervised the field trip. This must include the date and times of the field trip. If a student participated in more than one field trip a corresponding spreadsheet should show the dates and times the student participated. **Travel time to get to and from field trip may not be counted.**

*On-Site Tutoring.* There may be times when a student comes on-site for tutoring. If this occurs the teacher or tutor needs to document that time by date and times and certify it.

*Testing Hours.* Documentation must contain the type of test, location of the test, and the date it was given. **Travel time to get to and from testing may not be counted.**

*Other Documented Hours.* If you have other hours that you believe contributed to the education of a student those hours should be entered here. These are activities that must have been defined in your contract with your sponsor. Please enter a comment into the heading explaining what that activity is. You also must have it certified by the teacher of record with dates of activity.

*All backup in a spreadsheet for any category must be in SSID order by date. Non-classroom based learning opportunities must be certified by a teacher.*

## Students enrolled in a Career Tech School-CTVC students

Students enrolled in a career tech school for a portion of the day and at your school for a portion of the day will show up on at least two lines, one line for the career tech portion, CTVC, and one line for your portion COMM.

The community school is not responsible for documenting any career tech hours.

## COMM

Go back to the FTE detail report, download tab. Clear the filter you have on. Copy the entire download tab into the COMM tab. Freeze the top row and put a filter on. Sort column T, Sent Reason 1, Z to A. All your PS codes will be on the top rows. Delete all the rows that have a PS in column T. Next go to column M, Fund Patten Code, and sort Z to A. Any CTVC or NFRG codes will be at the top. Delete all rows containing a CTVC or NFRG.

Sort column D, SSID, A to Z. Delete all columns except the eight in the screenshot below.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
1	SSID	LAST NAME	FIRST NAME	PTRN CODE	FTE START DATE	FTE END DATE	STDNT PCT OF TIME	TOTAL ENROLL FOR THIS REC														
2	AH914401	Not Availa	Not Availa	COMM	08/09/2011	12/31/2011	100	921.6														
3	AL343596	Not Availa	Not Availa	COMM	10/17/2010	03/17/2011	100	486.4														
4	AT925291	Not Availa	Not Availa	COMM	08/09/2011	12/31/2011	100	921.6														
5	BA106618	Not Availa	Not Availa	COMM	12/16/2010	02/03/2011	100	122.88														
6	BF989641	Not Availa	Not Availa	COMM	07/01/2011	10/20/2011	100	209.92														
7	BG515120	Not Availa	Not Availa	COMM	03/17/2011	12/31/2011	100	250.88														
8	BM151274	Not Availa	Not Availa	COMM	08/24/2011	12/31/2011	100	921.6														
9	BM63432C	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
10	BM863107	Not Availa	Not Availa	COMM	03/08/2011	12/31/2011	100	286.72														
11	BT336712	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
12	BX102981	Not Availa	Not Availa	COMM	07/01/2011	11/22/2011	100	327.68														
13	BX144711	Not Availa	Not Availa	COMM	07/01/2011	11/18/2011	100	317.44														
14	BX380250	Not Availa	Not Availa	COMM	01/30/2011	12/31/2011	100	419.84														
15	BX399757	Not Availa	Not Availa	COMM	01/05/2011	12/31/2011	100	501.76														
16	BK678483	Not Availa	Not Availa	COMM	07/01/2011	10/05/2011	100	153.6														
17	BY320696	Not Availa	Not Availa	COMM	09/26/2011	11/17/2011	100	199.68														
18	BY523063	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
19	BZ277864	Not Availa	Not Availa	COMM	12/22/2011	12/31/2011	100	512														
20	CA405471	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
21	CA572784	Not Availa	Not Availa	COMM	07/01/2011	02/14/2011	100	563.2														
22	CA614444	Not Availa	Not Availa	COMM	08/25/2011	11/09/2011	100	276.48														
23	CA638587	Not Availa	Not Availa	COMM	07/01/2011	10/14/2011	100	189.44														
24	CAB91733	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
25	CB127191	Not Availa	Not Availa	COMM	09/09/2011	11/15/2011	100	245.76														
26	CC223346	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														
27	CC431542	Not Availa	Not Availa	COMM	07/01/2011	12/31/2011	100	921.6														

Copy this data into the COMM tab of the percent of time workbook. The result will look like the screenshot below.

1	SSID	Last Name	First Name	FTE FUND PTRN	FTE START DA	FTE END DA	STNDT FOR PCT OF TIME	TOTAL FOR THIS CAL	On-line Hours	Homework Hours	IEP services such as OT, PT, speech	Phys Ed Hours	Field Trips	On-site tutoring	Testing Hours	Other Documente	Total Hours	Step One Percent of Time	Result Percent of Time
2	AH9144018	Not Avail	Not Avail	Av COMM	08/09/2016	12/31/2500	100	921.6									0	0	-
3	AL3435967	Not Avail	Not Avail	Av COMM	10/17/2016	03/17/2017	100	921.6									0	0	-
4	AT9252918	Not Avail	Not Avail	Av COMM	08/09/2016	12/31/2500	100	921.6									0	0	-
5	BA1066189	Not Avail	Not Avail	Av COMM	12/16/2016	02/03/2017	100	921.6									0	0	-
6	BF9896413	Not Avail	Not Avail	Av COMM	07/01/2016	10/20/2016	100	921.6									0	0	-
7	BG5151204	Not Avail	Not Avail	Av COMM	03/17/2017	12/31/2500	100	921.6									0	0	-
8	BM1512746	Not Avail	Not Avail	Av COMM	08/24/2016	12/31/2500	100	921.6									0	0	-
9	BM6343200	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
10	BM8631070	Not Avail	Not Avail	Av COMM	03/08/2017	12/31/2500	100	921.6									0	0	-
11	BT3367128	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
12	BX1029810	Not Avail	Not Avail	Av COMM	07/01/2016	11/22/2016	100	921.6									0	0	-
13	BX1447115	Not Avail	Not Avail	Av COMM	07/01/2016	11/18/2016	100	921.6									0	0	-
14	BX3802501	Not Avail	Not Avail	Av COMM	01/30/2017	12/31/2500	100	921.6									0	0	-
15	BX3997570	Not Avail	Not Avail	Av COMM	01/05/2017	12/31/2500	100	921.6									0	0	-
16	BX6784833	Not Avail	Not Avail	Av COMM	07/01/2016	10/05/2016	100	921.6									0	0	-
17	BY3206969	Not Avail	Not Avail	Av COMM	09/26/2016	11/17/2016	100	921.6									0	0	-
18	BY5230634	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
19	BZ2778649	Not Avail	Not Avail	Av COMM	12/22/2016	12/31/2500	100	921.6									0	0	-
20	CA4054713	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
21	CAS727847	Not Avail	Not Avail	Av COMM	07/01/2016	02/14/2017	100	921.6									0	0	-
22	CA6144444	Not Avail	Not Avail	Av COMM	08/25/2016	11/09/2016	100	921.6									0	0	-
23	CA6385879	Not Avail	Not Avail	Av COMM	07/01/2016	10/14/2016	100	921.6									0	0	-
24	CAB917333	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
25	CB1271914	Not Avail	Not Avail	Av COMM	09/09/2016	11/15/2016	100	921.6									0	0	-
26	CC2233463	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-
27	CC4315423	Not Avail	Not Avail	Av COMM	07/01/2016	12/31/2500	100	921.6									0	0	-

Complete columns I through P with your documented data. Go to page 3 for details on those columns if you did not have any CCP students. Once that is done column R and S will be calculated. If column R equals 100, the result in column S will be the same as column G and no adjustment to the percent of time is needed. If it is less than 100, you will need to change the percent of time in the FS record to match column S.

In a separate workbook, you will find an example school. Please review the sample. If you run into problems, please e-mail your workbook to [john.pierson@education.ohio.gov](mailto:john.pierson@education.ohio.gov) and include a good phone number to contact you.

Following are some questions and items the staff *may* consider asking or reviewing. More questions may need to be asked based on the answers. Please use your judgment.

1. Review the education plan within the Sponsor agreement.
2. How much time is a student required to spend in the classroom?
  - i. If the full day is not spent in the classroom then inquire if there is a set timeframe in which the students have to attend.
  - ii. Are there individuals that are allowed to deviate from the required time spent in the classroom? i.e. does the school allow for any students to participate in non-classroom learning opportunities
3. Does the school offer credit flex, college plus, Career Tech, or Work Study programs?
  - i. If the school offers credit flex, where does the learning opportunity take place?
  - ii. If the school offers a work study program what type of support does the school require the student to submit to verify the time worked?
4. If a Blended Learning model is used that allows for non-classroom time:
  - a. Do students use the same online system while in the classroom?
    - i. If this occurs, then how does the school reduce the time spent on the system while in the classroom setting from the student's FTE?
  - b. How does the school account for attendance of these students? If the student doesn't show up in the classroom are the students marked absent? Does the school consider a student attending if the student spends time on the system even though the student didn't attend class?
    - i. What is the school policy in regards to the 105 hour rule for these students? Is it based on attendance in the classroom, online or both?
      1. What happens if the students are not showing up for long periods of time in the classroom but performs assignments in non-classroom setting online?
5. If an Eschool, are students ever **required** to attend a classroom setting; i.e. **required** to show up in a brick & mortar building for face to face instruction?
6. What system(s) are used to provide learning opportunities to students?
  - a. If the school has multiple systems how does the school assure the following:
    - i. Students can't be logged into multiple systems, or the same system, at the same time? If the students can be logged in to multiple systems, or the same system, at the same time, how does the school make sure the duplication of time is removed?
    - ii. Is the school using a system that is fully integrated; i.e. when the students "click" on a link is the student leaving the LMS? Or does the LMS communicate with the education software utilized by the school? If so, can the school generate a report to show the education software that have a LTI or API key that communicates with the LMS?

- iii. Does the LMS communicate with the SIS system used by the school?
    - iv. Has the school updated the system from the prior year? (added more education software, changed LMS, made any programming change, etc.)
- 7. How does the school check to make sure the students are not accounted for more than 10 hours a day? Is this done manually or is there a control in the system to remove hours that exceed 10 hours?
- 8. What is the school policy over "idle" time?
  - a. Does the system generate a report that shows if a student was "forced out" (automatically logged off)?
  - b. Does the school program the system to remove "idle" time or is this manually done by the school?
- 9. Can a student utilize hard copy textbooks, hard copy assignments, etc. to complete work? If so, how are these assignments submitted to the teachers?
- 10. How does the school track offline/non-computer time?
  - a. Is offline time maintained manually or tracked on the system?
  - b. Does the school require the students to document the beginning and ending time, subject, etc. in accordance the FTE Review Manual for offline time?
  - c. Does the school require students to track computer time on programs such as Word, Excel, YouTube, etc. as manual time?
- 11. Does the school require teachers to adjust student offline time based on the quality of work submitted by the student? Or does the school accept what the student documents in the offline logs?
  - a. If the teachers are adjusting time:
    - i. Is there a written policy the teacher follows or is this based on the teacher's judgment?
    - ii. Can a teacher increase a student's time? Or are the teacher only allowed to decrease the time?
    - iii. Can the school run a report showing how the time was adjusted?
- 12. How does the school make sure the time the student documents in the offline manual does not overlap with the data captured for offline time?
- 13. Who is required to certify the student's logs; a teacher, superintendent, etc. and how often is this person required to certify the offline logs?

Section NID	Section Name	Section Co	Item Type	Item ID	Item Name	Start Time	End Time	URL
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 15:20	9/13/2016 15:20	
40180775	2016-2017 School Year		Folder	1702639	Physical Science, the First Half	9/13/2016 15:20	9/13/2016 15:20	
40180775	2016-2017 School Year		Folder	1702641	Introduction	9/13/2016 15:20	9/13/2016 15:21	
40180775	2016-2017 School Year		Page	2.26E+08	General Instructions for Physical Science	9/13/2016 15:21	9/13/2016 15:29	
40180775	2016-2017 School Year		Page	3.15E+08	Syllabus for Physical Science	9/13/2016 15:29	9/13/2016 15:29	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 15:29	9/13/2016 15:29	
40180775	2016-2017 School Year		File	2.3E+08	psvocab.pdf	9/13/2016 15:29	9/13/2016 15:29	
40180775	2016-2017 School Year		File	2.3E+08	psvocab.pdf	9/13/2016 15:29	9/13/2016 15:32	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 15:32	9/13/2016 15:34	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 15:35	9/13/2016 15:35	
40180775	2016-2017 School Year		Folder	1702639	Physical Science, the First Half	9/13/2016 15:35	9/13/2016 15:35	
40180775	2016-2017 School Year		Folder	1702641	Introduction	9/13/2016 15:35	9/13/2016 15:36	
40180775	2016-2017 School Year		Page	2.26E+08	General Instructions for Physical Science	9/13/2016 15:36	9/13/2016 15:40	
40180775	2016-2017 School Year		Page	3.15E+08	Syllabus for Physical Science	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		File	2.3E+08	psvocab.pdf	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		Page	3.15E+08	Syllabus for Physical Science	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		File	2.3E+08	psvocab.pdf	9/13/2016 15:40	9/13/2016 15:40	
40180775	2016-2017 School Year		File	2.3E+08	psvocab.pdf	9/13/2016 15:40	9/13/2016 15:43	
40180775	2016-2017 School Year		File	2.27E+08	Tier 2 Vocabulary Terms.pdf	9/13/2016 15:50	9/13/2016 16:06	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:07	9/13/2016 16:07	
40180775	2016-2017 School Year		Folder	1702639	Physical Science, the First Half	9/13/2016 16:07	9/13/2016 16:07	
40180775	2016-2017 School Year		Folder	1702641	Introduction	9/13/2016 16:07	9/13/2016 16:07	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 16:07	9/13/2016 16:07	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:08	9/13/2016 16:08	
40180775	2016-2017 School Year		Folder	1702639	Physical Science, the First Half	9/13/2016 16:08	9/13/2016 16:08	
40180775	2016-2017 School Year		Folder	1702641	Introduction	9/13/2016 16:08	9/13/2016 16:08	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 16:08	9/13/2016 16:08	
40180775	2016-2017 School Year		File	2.27E+08	Tier 2 Vocabulary Terms.pdf	9/13/2016 16:08	9/13/2016 16:08	
40180775	2016-2017 School Year		File	2.3E+08	Tier 3 Vocabulary Terms.docx	9/13/2016 16:08	9/13/2016 16:10	
40180775	2016-2017 School Year		Media Albu	40180835	Introduction of Me!	9/13/2016 16:10	9/13/2016 16:10	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:10	9/13/2016 16:11	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:11	9/13/2016 16:11	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:11	9/13/2016 16:11	
40180775	2016-2017 School Year		N/A	N/A	N/A	9/13/2016 16:11	9/13/2016 16:13	
40180775	2016-2017 School Year		File	2.24E+08	TeacherInterestInventoryErinReese.docx	9/13/2016 16:13	9/13/2016 16:15	
40180775	2016-2017 School Year		File	6.5E+08	Schoology.doc	9/13/2016 16:15	9/13/2016 16:15	
40180775	2016-2017 School Year		Discussion	2.48E+08	Student Interest Inventory	9/13/2016 16:15	9/13/2016 16:15	
40180775	2016-2017 School Year		Discussion	2.48E+08	Student Interest Inventory	9/13/2016 16:15	9/13/2016 16:22	
40180775	2016-2017 School Year		Discussion	1.36E+08	Welcome Forum	9/13/2016 16:22	9/13/2016 16:26	
40180775	2016-2017 School Year		Test/Quiz	2.48E+08	Scavenger Hunt	9/13/2016 16:26	9/13/2016 16:26	
40180775	2016-2017 School Year		Test/Quiz	2.48E+08	Scavenger Hunt	9/13/2016 16:26	9/13/2016 16:26	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 16:26	9/13/2016 16:27	
40180775	2016-2017 School Year		Page	3.15E+08	Syllabus for Physical Science	9/13/2016 16:27	9/13/2016 16:27	
40180775	2016-2017 School Year		Folder	5586309	Physical Science Vocabulary and Reference Materials	9/13/2016 16:27	9/13/2016 16:27	
40180775	2016-2017 School Year		Folder	1702639	Physical Science, the First Half	9/13/2016 16:27	9/13/2016 16:27	

Visit time	URL	Duration (seconds)	Duration (h:mm:ss)
9/12/2016 16:14	home	23	0:00:23
9/12/2016 16:14	messages/view/98482517	28	0:00:28
9/12/2016 16:14	messages/view/98133255	277	0:04:37
9/12/2016 16:19	messages/view/98133255	16	0:00:16
9/12/2016 16:19	messages	9	0:00:09
9/12/2016 16:19	messages/view/97721881	66	0:01:06
9/12/2016 16:21	messages/view/97721881	7	0:00:07
9/12/2016 16:21	messages/view/98581975	66	0:01:06
9/12/2016 16:22	home	28	0:00:28
9/12/2016 16:22	messages/view/98133255	108	0:01:48
9/12/2016 16:24	messages/view/98133255	20	0:00:20
9/12/2016 16:24	messages/view/98133255	519	0:08:39
9/12/2016 16:33	home	2130	0:35:30
9/12/2016 17:08	home	282	0:04:42
9/12/2016 17:13	home	370	0:06:10
9/12/2016 17:19	messages/view/97721881	34	0:00:34
9/12/2016 17:20	messages/view/97721881	5	0:00:05
9/12/2016 17:20	messages/view/98133255	50	0:00:50
9/12/2016 17:21	messages/view/98133255	6472	1:47:52
9/12/2016 19:09	home	7	0:00:07
9/12/2016 19:09	messages/view/98133255	79	0:01:19
9/12/2016 19:10	messages/view/98133255	9	0:00:09
9/12/2016 19:10	messages/view/98133255	63	0:01:03
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9/13/2016 15:15	messages/view/98133255	9	0:00:09
9/13/2016 15:15	messages/view/98133255	0	0:00:00

Answer the questions and note any citations or recommendations.

1. A) During our interview with the Director and review of the school's education plan, we noted the school utilizes an education model in which the students are required to spend the full 5 hours a day in class at a B&M setting. The school uses various education programs throughout the day to assist teachers. Is this a blended learning model and what impact does it have on the community school's funding?

B) Same as A above but the students have 24 hour access to the school's education programs. Students utilize the education program for homework and to make up assignments. We learned that students came and went from school as they pleased. A teacher indicated they had some students that would wake up and decide not to go to school, instead the students would simply go to the Library and work on their assignments on the computer. The education programs utilized by the school had all the instructions, material and class outline on the computer. Is this a blended learning model and what impact does it have on the community school's funding?

2. During our review of the education plan within the sponsor agreement it would appear as strictly a B&M school. While interviewing the Director of the community school, the Director indicated the School utilized an education model in which the students spent 45 minutes in a classroom being lectured by a teacher. While other students spent the same 45 minutes in a computer lab working on any assignment they wanted. A teacher was assigned to the computer lab only to assist students if they had any questions. Is this a blended learning model and what impact does it have on the community school's funding?
3. The school district sponsored a community school for the past 10 years. The community school operated a blended education model in which the students were only required to be in attendance at a B&M building two out of the 5 hours a day; the remaining 3 hours of the day required the students to perform work outside the classroom. At June 30' 2017 the school district decided to close the community school. When interviewing the Superintendent of the school district, we learned the community school will become a program of the school district in FY18. This program will operate in the same manner as the community school. What impact does the change have on the Traditional school for FY18?
4. During our review of the community school's education plan and interview with the Director we learned the students were required to be in a classroom sitting 4 out of the 5.5 hours a day. The remaining time was spent offsite on assignments that included performing hard copy assignments via pen and paper and nonclassroom via online. Is this a blended learning model and what impact does it have on the community school's funding?



5. The education plan indicates the students perform all their work online from home and the students are required to follow a bell schedule; meaning every 45 minutes the students enter a classroom setting online with live instruction from the teacher. Additionally, if the students need additional help with assignments the school has learning centers across the state where the students can receive one on one instruction from a teacher. Is this a blended learning model and what impact does this situation have on funding?
  
6. The community school's education plan indicates it is a B&M school. During our interview with the Director, they indicated a lot of the school's students worked to support their families and students were given access to the school's education programs 24 hours a day to do assignments. The auditors asked to interview a teacher to get a better understanding about the school's attendance/education practice. Upon interviewing the sole teacher, the auditors learned that of the 30 students, 15 attended a B&M setting and worked on whatever assignments the students wanted for a full day. The teacher did not lecture these students and was there only to assist the students when questions arose. Eight of the students worked full-time jobs but the school required these students to attend a B&M classroom at least twice a week for 3 hours a day. Three of the students worked 100% online with no requirement to attend a B&M setting. The school did not provide these three students with a computer or internet. The remaining four students spent part of their school year in the same setting as the first 15 students, however, throughout the year the students were allowed to work 100% online due to child birth or some other medical issue for any length of time. Is this a blended learning model and what impact does it have on the community school's funding?