

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence
To: All IPA Firms
Subject: 2024 Ohio Compliance Supplement (OCS) Chapter 4
Date: May 22, 2024

Chapter 4 of the 2024 Ohio Compliance Supplement (OCS) has been posted to the State Auditor's website at <http://www.ohioauditor.gov/references/compliancemanuals.html>. (If you have trouble seeing the 2024 version of Chapter 4 at this link, please refresh your screen or hit F5.)

As a reminder, all other sections of the 2024 OCS were posted in November 2023. Schools operate on a June 30 fiscal year end basis and legislative changes impacting school audits are often still occurring after our November release. For this reason, steps that are *only* applicable to Traditional Schools, Community Schools, ESCs, or STEM/STEAM Schools are self-contained in Chapter 4 to allow AOS to update and release school compliance changes separately from the remainder of the Supplement at a more appropriate time. Sections of the OCS which apply to schools *and* other entity types are retained in Chapters 1-3 or the OPM.

A summary of Chapter 4 changes from 2023 to 2024 is attached. School audit years ending 6/30/24 must include the new 2024 Chapter 4.

Questions can be directed to Kelly Berger-Davis at kmberger-davis@ohioauditor.gov.

Ohio Compliance Supplement May 2024

Ch. 4 - Summary of Changes

NOTE: Red text throughout the 2024 Ohio Compliance Supplement is related to COVID-19

Throughout	<ul style="list-style-type: none">- Ohio Rev. Code § 3301.13 (new section enacted by HB 33) changed the Ohio Department of Education’s name to the Department of Education and Workforce. Updates to the name and acronym (ODE to DEW) were not marked throughout this chapter, except for instances where the law was quoted & had the name change.- Updated references/guidance to 2023 SLG.- Changed multi-level bullet points to numbering for smoother build into TeamMate. Note: These do not necessarily correspond to the ORC sections; they are simply numbering for the OCS purposes.- Added cross references to/from IG appendices, exhibits, etc., where applicable.- Changed references from CFDA to Assistance Listing & removed related footnotes about name change.
Chapter 4A – Direct Laws	<p>4A-2: Permissible expenditures for school districts participating in classroom facilities assistance programs; Interest accounting and allocation and maintenance plan funding and expenditures – Added 2 new programs created in HB 33 (School Security/Safety Program & Ohio CTC Program), & an existing program for STEM Schools. Also updated guidance on satisfying the transfer certification requirement for the maintenance fund, and clarified some of the SAPs¹. Other clarifications made throughout.</p> <p>4A-3: Community School Debt – Added relevant guidance from ORC.</p> <p>4A-4: School District Funding – Modified guidance as a result of HB 33 for calamity days, where blizzard bags are replaced by schools adopting a plan for online instruction to make up hours, up to 3 school days. Various clarifications made throughout including an alert about certain schools moving to a 4-day week for students, that the school funding model is now referred to as the Fair School Funding Formula, that a blended learning plan cannot be made on a contingent basis but a blended learning plan can be adopted to permit online delivery based on contingent events, & that DEW is now conducting FTE Reviews of Online Learning Model/Schools. In addition, the supplemental information on foundation funding was streamlined.</p> <p>4A-5: Community School Funding – Modified guidance as a result of HB 33 for calamity days, where blizzard bags are replaced by schools adopting a plan for online instruction to make up hours, up to 3 school days, in brick & mortar schools. Various clarifications made throughout including an alert about certain schools moving to a 4-day week for students, that the school funding model is now referred to as the Fair School Funding Formula, that a blended learning plan cannot be made on a contingent basis but a blended learning plan can be adopted to permit online delivery based on contingent events, & a name change of the W drive folder for FTE reviews. In addition, the supplemental information on foundation funding was streamlined. For e-schools, guidance was modified as a result of HB 33 for the temporary pilot program being codified into ORC which provides additional funding for e-school students.</p>
Chapter 4B – Indirect Laws	<p>4B-1: E-schools cannot contract with a nonpublic school for instructional facility space – Clarified that any noncompliance should be sent to CFAE Community School Specialist to discuss with DEW, since it could cause DEW to withhold foundation payments, and potentially the school to close.</p> <p>4B-2: Accounting for management company expenses – Added clarification regarding an unaudited footnote, and that AOS auditors should always use the AUP processed by CFAE and available on the Intranet.</p> <p>4B-4: Sponsor monitoring of community schools – Added to COVID considerations that AOS auditors should consult with CFAE if noncompliance with Federal procurement requirements is identified for a non-major program, or a major program for which procurement is not tested in the FACCR.</p> <p>4B-6: Board of Education and Governing Board of Educational Service Centers procedures for bidding and letting of contracts – Same clarification as 4B-4. In addition, added clarification that a school building</p>

	is not limited to structures where instruction of students takes place; however, whether competitive bidding is required for building, repairing, enlarging, improving, or demolishing other types of structures is fact-specific and engagement auditors should discuss with their legal representatives. Other clarifications made throughout.
Chapter 4C – Statutorily Mandated Tests	4C-2: Restriction upon school district expenditures and certifying adequate revenues. Application: City, local, exempted village and joint vocational school districts – Clarified SAPs.
Chapter 4D – Stewardship	<p>4D-1: Dropout Prevention and Recovery School Eligibility Requirements – Testing of this section is suspended for Fy 2024 and is expected to be reinstated in the 2025 OCS, once the new Dropout Recovery Advisory Council created by HB 33 has reviewed/updated the related OAC section.</p> <p>4D-2: Transportation T-1 and T-2 Forms – Clarifying edits made throughout, including that the greater average of the morning or afternoon ridership is by individual bus.</p> <p>4D-3: College Credit Plus Program (CCP) – Added related guidance from HB 33. Also clarified that this section applies to JVS/CTC/STEM schools that are educating students that belong to other resident/educating districts. Other clarifications made throughout, including to the SAP on weighting of CCP courses.</p>
Chapter 4E – School Optional Procedures	<p>4E-2: Capital and maintenance reserve account – Statewide average base cost per pupil amount updated. Also, several ORC references were added for clarification.</p> <p>4E-4: Community School Audit Fee Bond – Updated as a result of HB 33, to remove cash deposit option. Also updated AOS address that bonds should be mailed to.</p>

ⁱ SAP = Suggested Audit Procedures