

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: ODHE FY 2024 Grant Issue

Date: December 21, 2023

We were recently made aware of some incorrect language included in some FY 2024 ODHE (Ohio Department of Higher Education) grant agreements, that we wanted to make you aware of, which likely impacts several CTC's.

- The FY 2024 & 2025 State Budget Bill ([HB 33](#)) contains the following language (pg. 6024-6031):
 - Section 381.10 BOR Dept. of Higher Edu General Revenue Fund, line item GRF 235444, Ohio Technical Centers, for \$22,464,000 (appropriation line item)
 - Section 381.210 Ohio Technical Centers Funding, states in part: (B) Of the foregoing appropriation item 235444, Ohio Technical Centers, up to 2.38 per cent in each fiscal year may be distributed by the Chancellor to the Ohio Central School System, up to \$48,000 in each fiscal year may be utilized for assistance for Ohio Technical Centers, and up to \$3,000,000 in each fiscal year may be distributed by the Chancellor to Ohio Technical Centers that provide customized training and business consultation services with matching local dollars, with preference to industries on the in-demand jobs list created under section 6301.11 of the Revised Code, industries in regionally emerging fields, or local businesses and industries. Each center meeting this requirement shall receive at least \$25,000 but not more than a maximum amount determined by the Chancellor.
- As related to the above provisions of HB 33, ODHE issued Memorandums of Understanding (MOU), however, they *incorrectly* contained the following provision:
 - Article VI: Audit, states in part: [The Entity] shall require their annual financial statement audit include a review of funds received and spent under this MOU, for compliance with Amended Substitute House Bill 33 of the 135th General Assembly. This review can be included with the annual Ohio Compliance Supplement testing required by the Auditor of State.

AOS Reaction:

- The MOU audit language was discussed with ODHE, and we were advised that it was included in error.
- Testing of these grants as stated in the abovementioned MOU, likely does not fall within the scope of normal f/s audits (aside from including in normal populations for receipt/disbursement testing) - meaning likely they are immaterial to the CTC's financial statements, and do not fall under the OCS (not direct or indirectly material, & not statutorily mandated). **Unless the risk analysis and materiality assessment for the engagement calls for the grant to be tested, testing is not required.**
- Any CTC that inquiries about the language being in their MOU should be provided the link to this memo and advised to reach out to ODHE.

Questions can be directed to kmberger-davis@ohioauditor.gov.