



COMMUNITY SCHOOL TRAINING

September 7, 2022

Presentation Slides &
Handout Material

2022 Community School Training
Wednesday, September 7, 2022
Agenda

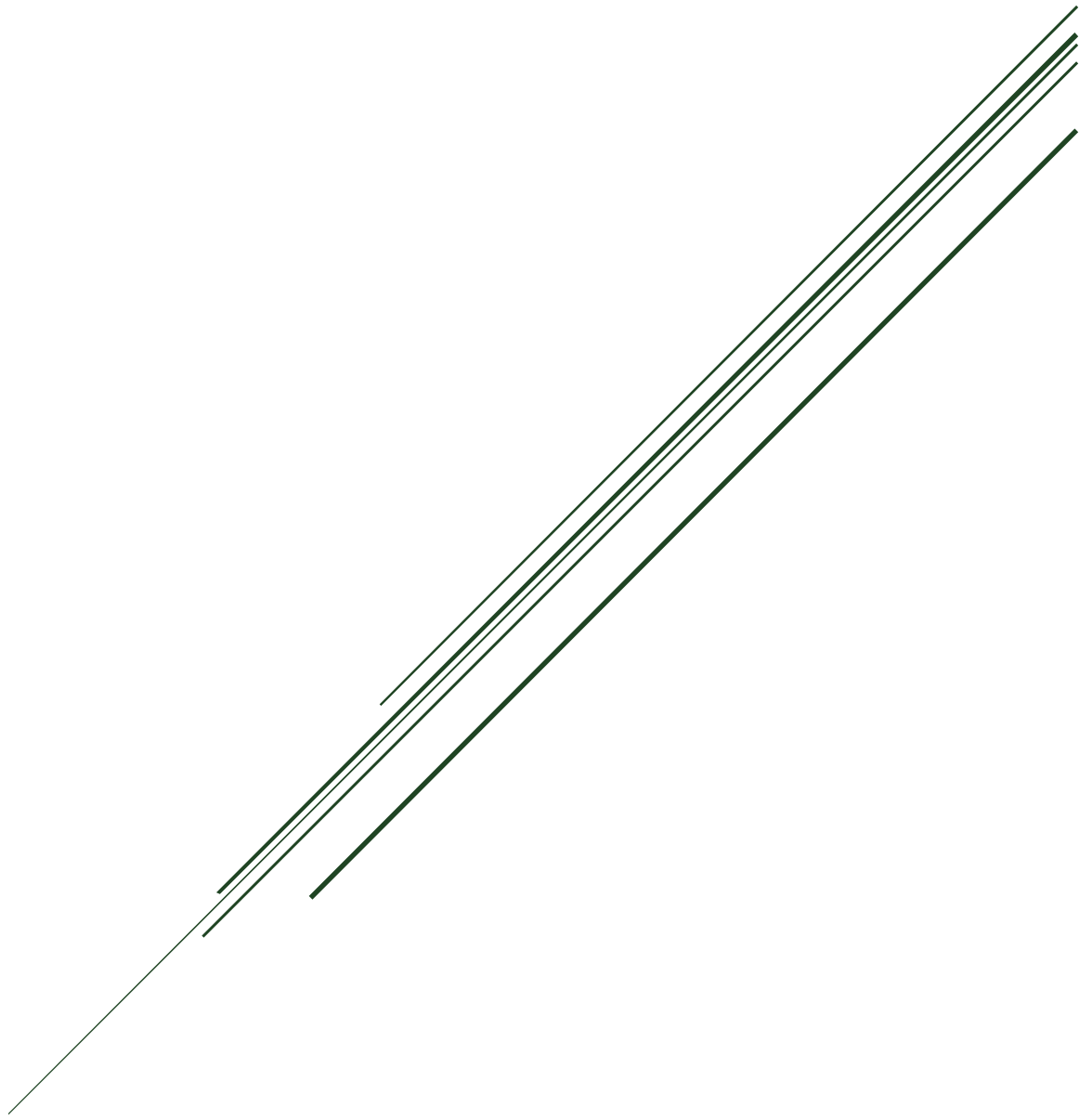
Start Time	End Time	Topic	Speaker
8:30 AM	8:45 AM	Opening Remarks	Training, AOS
8:45 AM	9:15 AM	EMIS Update	David Ehle, ODE
9:15 AM	10:15 AM	ESSER & Uniform Guidance Procurement Requirements	Marnie Fredrickson & Amanda Stidham, AOS
10:15 AM	10:30 AM	Morning Break	
10:30 AM	11:30 AM	Compliance Testing Over FTE	Morgan Helmick, Rea & Associates
11:30 AM	12:30 PM	Lunch	
12:30 PM	1:00 PM	ODE School Funding Update	Elena Sanders & Aaron Rausch, ODE
1:00 PM	1:50 PM	Grants Management	Kelly Berger-Davis, AOS
1:50 PM	2:00 PM	Afternoon Break	
2:00 PM	3:00 PM	ESSER Update	Karen Auble, ODE
3:00 PM	4:00 PM	Community School Sponsor Update	Colleen Grady, ODE
4:00 PM	4:15 PM	Closing Remarks	Training, AOS

OHIO AUDITOR OF STATE
KEITH FABER



EMIS UPDATE

Notes

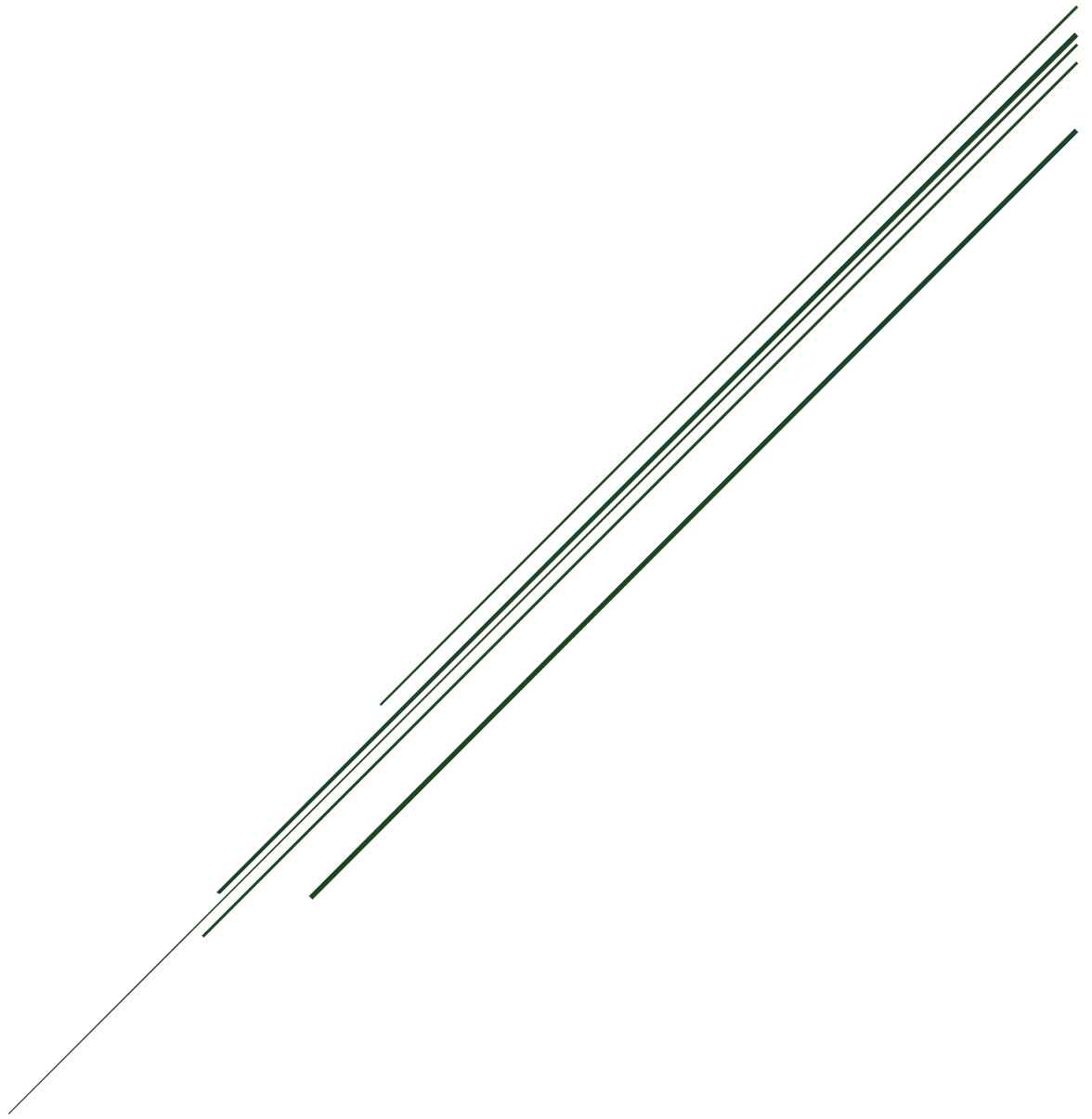


OHIO AUDITOR OF STATE
KEITH FABER



ESSER & UNIFORM GUIDANCE PROCUREMENT REQUIREMENTS

Slides





**Uniform Guidance Procurement
Requirements & ESSER
Community School Conference**
September 7, 2022

Presented By: Marnie Fredrickson, Asst. Chief Deputy Auditor
& Amanda Stidham, Quality Assurance and Technical
Specialist, Center for Audit Excellence

A Few Important Disclaimers...

- AOS must maintain independence under *Generally Accepted Government Auditing Standards*.
- This training is intended to serve as a practical reference, it is not intended to be, nor does it provide or constitute legal advice.
- Adherence to, application of, or use of this document with regard to a procurement subject to federal award funds does not guarantee the legal sufficiency of any procurement.
- Community schools should refer all legal questions concerning the sufficiency of a procurement in terms of federal procurement standards to their legal counsel.

AOS Resources

The screenshot shows the Ohio Auditor of State website. The main navigation bar includes links for 'AUDIT', 'LOCAL GOVERNMENT', 'OPEN GOVERNMENT', 'RESOURCES', 'CONTACT US', and 'ABOUT US'. A search bar and 'Services Login' are also present. The main content area features a news article titled 'Former Springboro schools superintendent pleads guilty to four charges of theft, fraud'. Below this, there is an Instagram feed, a 'COVID-19 Resources' link circled in red, and a 'Newsroom' section. The right sidebar contains a 'Side Menu' with links for 'COVID-19 Resources', 'Helping Local Government', 'FAQs', and 'Contact Us'. Below the sidebar, there is a 'Resources for Local Government' section and a 'Helpful Tip' box. At the bottom of the page, the text 'Efficient • Effective • Transparent' is displayed, followed by the number '3'.

OHIO AUDITOR OF STATE
KEITH FABER

Search This Site Search AOsS Services Login

Local Government Open Government Resources Contact Us Quick Links

Former Springboro schools superintendent pleads guilty to four charges of theft, fraud

Daniel J. Schreier pleaded guilty to Tampering with Records, Theft in Office, Filing a False Disclosure Statement, and Representation by Public Official or Employee.

READ MORE

Instagram by @ohioauditor

Our Regional Liaisons are out and about recognizing hard working fiscal teams who earned awards for...

COVID-19 Resources

READ MORE

Newsroom

Call For Latest

COVID-19 Resources

READ MORE

Resources for Local Government

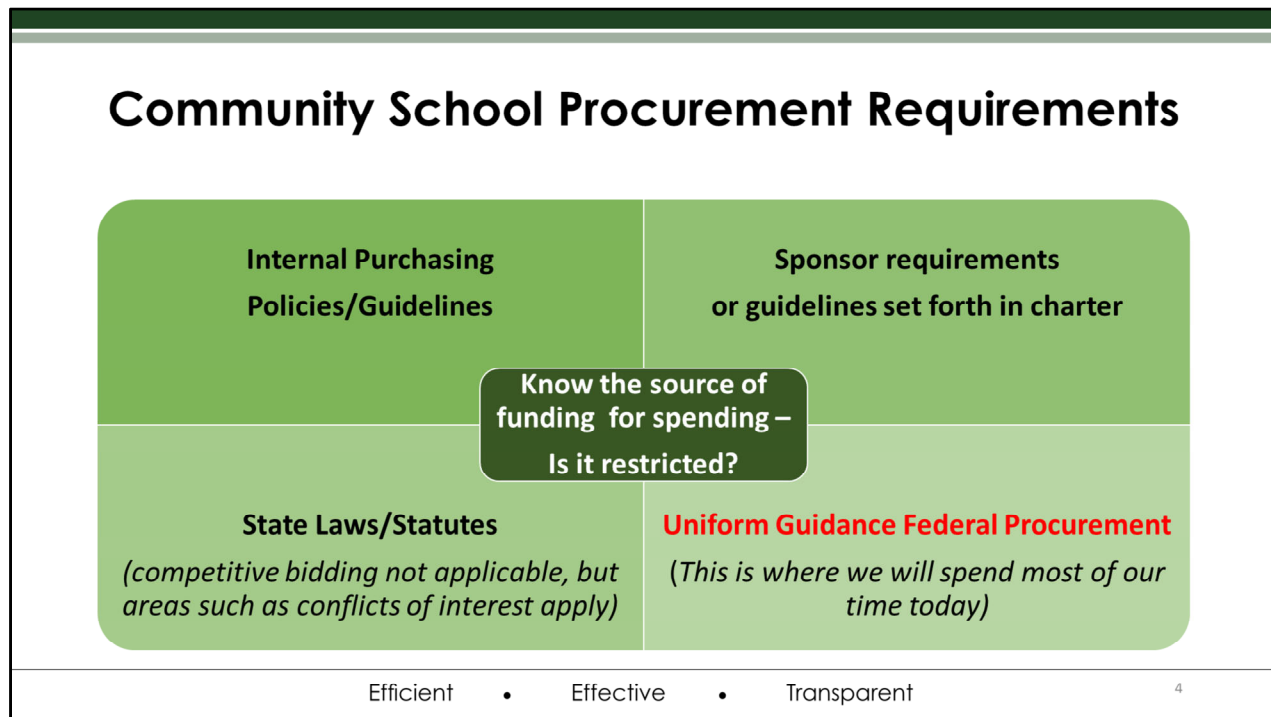
The Auditor of State (AOS) is working to help local governments manage the financial impact of COVID-19. The resources on this page are a response to the questions and concerns Auditor Faber has heard from our local partners, and we hope they will help our clients better understand and use available resources.

Helpful Tip: What can you do?

Auditor of State Bulletins related to COVID-19

- Bulletin 2021-004 - Hourly Billing Rates and Allocation of Audit Costs
- Bulletin 2021-004 - Separate Accountability for Federal Programs Authorized by the American Rescue Plan Act of 2021
- Bulletin 2020-007 - Bureau of Workers' Compensation (BWC) COVID-19 Rebate
- Disinfectant
- Bulletin 2020-001 - Fraud Hotline

Efficient • Effective • Transparent 3



Your charter school likely has **internal purchasing policy/guidelines** (approved by the school’s board of directors, typically) specifying dollar amount thresholds for when multiple bids must be solicited and/or when an RFP must be issued, standards and criteria for evaluating bids, as well as requirements that may apply to vendors/suppliers and more. To learn about any internal procurement requirements at your school, ask the school’s attorney and/or the school CFO, operations manager or equivalent.

If an entity other than a school district authorizes your charter school, the **authorizer** may have purchasing requirements or guidelines of its own to which schools in its “portfolio” must conform, including RFP and competitive bid requirements, payment processes and more. To learn about those requirements or guidelines, ask your school attorney and/or check the terms of the contract your school has with the authorizer.

If your charter school operates as part of a **school district**, it's possible that some or all of the district's requirements or guidelines related to bid and RFP processes apply to its charter schools as well. To confirm what the rules and procedures are and if they apply, look online (districts often post them on their websites), contact the district's purchasing/procurement department directly, or ask your school attorney.

State agencies, such as the state Department of Education, also may prescribe purchasing requirements and practices for schools within their purview to follow. These rules may be especially pertinent in cases where a charter school is using state money, such as grant funds.

State laws/statutes while community schools are not required to follow Ohio competitive bidding laws, some state laws could still apply to charter school procurement practices. For example, prohibition of conflicts of interests under Ohio Ethics rules. To find out which laws apply, ask your school attorney.

Your school also may have to comply with procurement rules set by the federal government, and the **U.S. Dept. of Education** in particular, especially if your charter school is using federal grant funds. We will focus on the Uniform Guidance Federal Procurement requirements for purposes of today's training.

Keep in mind, too, that if your school relies on **restricted funds** — grants or endowments from public or private sources — to any extent, those funds likely will have certain requirements or guidelines attached to them by the entity providing the funds. Be sure you're clear on those requirements or guidelines before spending any restricted funds. Again, check documents related to the specific grant for details, then ask your school attorney.

Uniform Guidance (UG) Act 2 CFR 200

- Subpart A, 200.XX Acronyms & Definitions
- Subpart B, 200.1XX - General
- Subpart C, 200.2XX – Pre Award - Federal
- Subpart D, 200.3XX - Post Award - Recipients
- Subpart E, 200.4XX – Cost Principles
- Subpart F, 200.5XX – Audit
- 12 Appendices

Relevant UG Procurement Statutes

2 CFR §200.317 – Procurements by States

2 CFR §200.318 - .327 – General Procurement Requirements (*applicable to all local subdivisions, schools, ESCs, community schools, etc.*)

2 CFR §200 – Other Uniform Guidance Requirements, including Single Audit

Also must comply with all applicable federal terms and conditions and state and local laws/regulations.

2 CFR §200.318**General Procurement Standards**

- a) Documented policies and procedures;
- b) Contract oversight;
- c) Written standards of conduct covering conflicts of interest;
- d) Avoid unnecessary or duplicative items (e.g., lease vs. purchase analysis);
- e) Encourages state and local intergovernmental agreements;
- f) Encourages uses of Federal surplus property instead of buying new;
- g) Encourages use of value engineering clauses;
- h) Award contracts only to responsible contractors;
- i) Maintain procurement records;
- j) Limit use of time-and-materials contracts; and
- k) Settle issues arising out of procurements

Efficient • Effective • Transparent

7

g) Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling

price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Procurement "Claw" (Sections 200.317-326)

General Standards:
A. Documented Policies
B. Necessary
C. Full & Open Competition
D. Conflict of Interest
E. Documentation
 i. Cost & Price Analysis
 ii. Vendor Selection

Green- Informal
Yellow - Formal
Blue -No Comp

[COVID-19 Resources for Clients \(ohioauditor.gov\)](https://www.ohioauditor.gov/COVID-19-Resources-for-Clients)

Efficient • Effective • Transparent

Uniform Guidance Procurement

What does reasonable cost mean?

- A cost is reasonable if it meets the prudent person test. Considerations:
 - Whether the cost is generally recognized as ordinary and necessary.
 - The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, and other laws and regulations; and terms and conditions of the federal award.
 - Market prices for comparable goods or services for the geographic area.
 - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the school, its employees, the sponsor, the public at large, and the federal government.
 - Whether the community school significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Efficient • Effective • Transparent

9

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the local govt. is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the local government or the proper and efficient performance of the federal award.
- b. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, Tribal, and other laws and regulations; and terms and conditions of the federal award.
- c. Market prices for comparable goods or services for the geographic area.
- d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the local govt., its employees, where applicable its students or membership, the public at large, and the federal government.
- e. Whether the local govt. significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

- **Necessary purchases** – must avoid unnecessary or duplicative purchases. To this end, a community school should consider the most efficient and effective approach to purchases, e.g., bulk purchasing, lease versus purchase, agreements for use of common or shared goods and services, use of federal excess and surplus property as opposed to purchasing new equipment, etc.
 - Must have documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements to support competition.

Efficient • Effective • Transparent

10

§ 200.318 General procurement standards.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also [§ 200.214](#).

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis

for the contract price.

Avoid Unnecessary or Duplicative Items

A local government must have procedures to avoid the acquisition of unnecessary or duplicative supplies or services. A local government must limit its procurements to its current and reasonably expected needs to carry out the scope of work under a Federal award. A local government may not add items or quantities unrelated to the scope of work or procure additional items for use at a later date.

Lease Versus Purchase Analysis

A local government must, where appropriate, make an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. Federal agencies or auditors may review any costs used in the comparison for reasonableness, realistic current market conditions, and based on the expected useful service life of the asset.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318-.319:

- **Documented policies** –must document procurement procedures and policies consistent with state and local laws and regulations and conform to the Procurement rules in 2 CFR §200.317 through §200.327.
 - Procedures must ensure all solicitations clearly and accurately describe the technical requirements of the goods or services to be procured and identify all requirements that bidders must fulfill and the factors used in evaluating bids.
 - In addition, if policies include a prequalified list of persons, firms, or products used in procuring goods and services, the list should be current and include enough qualified sources for open competition.

Efficient • Effective • Transparent

11

§ 200.318 General procurement standards.

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in [§§ 200.317](#) through [200.327](#).

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No

employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable

opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also [§ 200.214](#).

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation,

protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.303 & §200.319:

- **Competition** – must provide for full and open competition in procuring goods and services. This means situations must be avoided that may prevent competition, such as placing unreasonable requirements on firms to qualify noncompetitive pricing practices between firms or affiliated companies or specifying only a “brand name.”
- **Internal controls**– UG emphasizes written, effective internal controls. 2 CFR §200.303 requires each recipient establish and maintain effective internal control to provide reasonable assurance that federal awards comply with all federal regulations and terms and conditions.

Efficient • Effective • Transparent

12

§ 200.319 Competition.

(a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and [§ 200.320](#).

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;

- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(c) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(e) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

(f) Noncompetitive procurements can only be awarded in accordance with [§ 200.320\(c\)](#).

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

- **Oversight** –must monitor contractors to ensure they perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
 - Examples of oversight include making sure contractors adhere to the contractual obligations regarding scope of work, invoices are accurate for the work performed, and services are delivered in a timely manner.
 - Certain contracts, as discussed later, are inherently more risky and require careful oversight.

Efficient • Effective • Transparent

13

§ 200.318 General procurement standards.

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in [§§ 200.317](#) through [200.327](#).

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

- **Oversight** –

- If a community school lacks qualified personnel within its organization to undertake such oversight as required by 2 CFR § 200.318(b), the Federal government expects the community school to acquire the necessary personnel to provide the oversight.
- Contractors selected to perform procurement functions on behalf of the community school are subject to the Uniform Rules and are precluded from bidding on contracts they oversee.

Efficient • Effective • Transparent

14

§ 200.318 General procurement standards.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

- **Conflicts of interest** –

- Must have written policies about conduct of its employees involved in the selection, award, and administration of contracts.
- Policies must cover both organizational and personal conflict of interest to prevent unfair or noncompetitive awards being provided (*for both the school as well as the operator*).
- Policies must prohibit participation if conflict exists.
- Conflicts arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

Efficient • Effective • Transparent

15

§ 200.318 General procurement standards.

(c)

- (1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

De Minimis Exception for Gifts

A Local government may set standards for accepting gratuities in situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The regulations do not provide any additional clarity as to what comprises “substantial” or “nominal intrinsic value,” such that the content of any such exception is left to the discretion of the non-state entity. The Standards of Conduct for Employees of the Executive Branch provide a useful guide in analyzing a non-state entity’s exception. However, the Local government will need to look to applicable local, state, and/or local requirements and consult its servicing attorney to determine if other applicable rules speak to a specific dollar amount for a *de minimis* exception.

Uniform Guidance Procurement

• Conflicts of interest –

- The officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
- Community schools may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the school (i.e., operators).
- As a 501(c)(3) entity, community schools should work with legal counsel to determine if other IRS, etc. rules also apply (e.g. “disqualified persons” under Sec. 4958 of the Internal Rev. Code).

Efficient • Effective • Transparent

16

§ 200.318 General procurement standards.

(c)

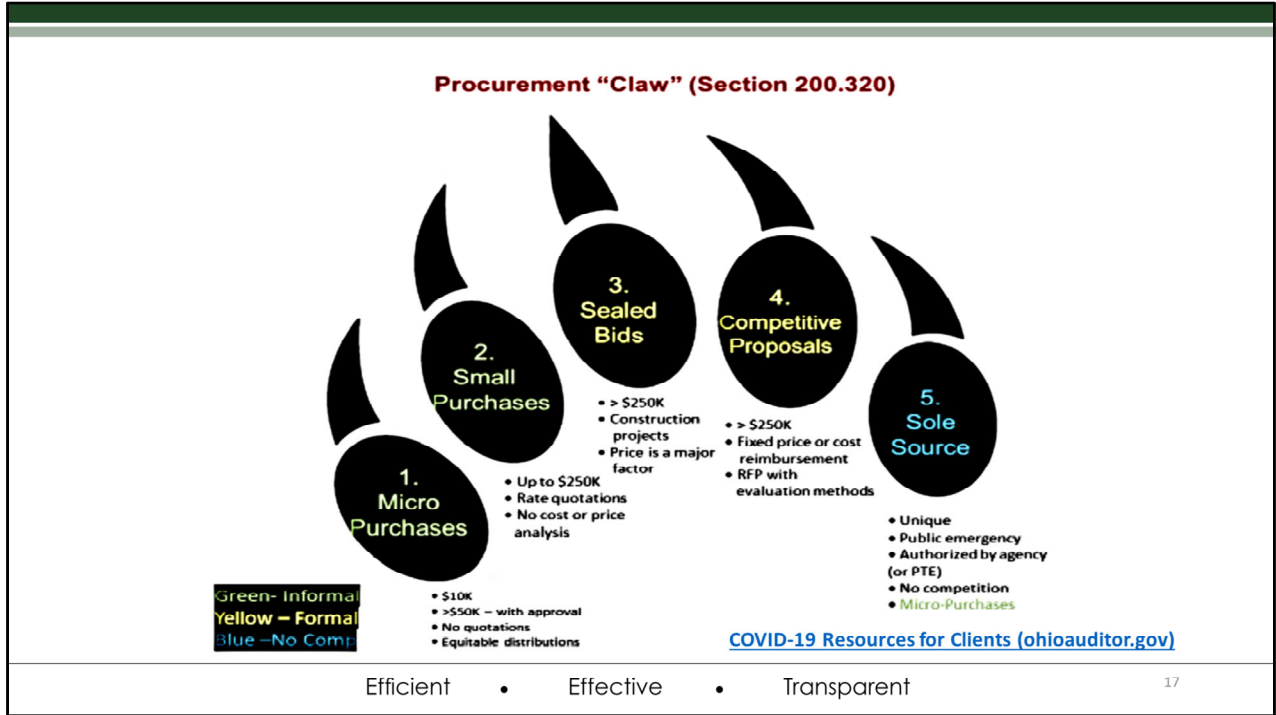
- (1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

De Minimis Exception for Gifts

A Local government may set standards for accepting gratuities in situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The regulations do not provide any additional clarity as to what comprises “substantial” or “nominal intrinsic value,” such that the content of any such exception is left to the discretion of the non-state entity. The Standards of Conduct for Employees of the Executive Branch provide a useful guide in analyzing a non-state entity’s exception. However, the Local government will need to look to applicable local, state, and/or local requirements and consult its servicing attorney to determine if other applicable rules speak to a specific dollar amount for a *de minimis* exception.

Section 4958 of the Internal Revenue Code. Simply put, the IRS regulations provide that a “disqualified person” (defined broadly as any person who is a position to exert substantial influence over the organization) may not be paid an economic benefit that exceeds the fair value of the consideration received from the person by the exempt organization. The regulations provide compliance procedures known as “safe harbor procedures”, which if followed by the charter school, create a rebuttable presumption that the transaction involving the disqualified person—is fair and reasonable. In essence, the procedures require three steps: i) the Board of Directors of the open-enrollment charter school must approve the transaction in advance without the participation of the disqualified person; ii) the Board obtains and relies upon appropriate and contemporary comparability data in making the decision; and iii) the decision regarding the transaction is appropriately and contemporaneously documented.



Procurement – Informal (2 CFR §200.320(a))

Micro Purchase

- May be awarded **without** competitive rate quotes if price considered reasonable based on **documented** research, experience, purchase history, etc.
- Distributed equitably among qualified suppliers
- Purchase cards may be used with approved, written procedures

Efficient • Effective • Transparent

18

- Micro Purchase
 - May be awarded without soliciting competitive price or rate quotes if nonfederal entity considered price to be reasonable based on research, experience, purchase history, or other information and documents in its files accordingly.
 - To the maximum extent practicable, the non-federal entity should distribute micro-purchases equitably among qualified suppliers
 - P cards may be used if procedures are documented and approved by non federal entity

Procurement – Informal (2 CFR §200.320(a))

Micro-Purchase
Threshold \$10,000 (or
\$2,000 if subject to
Davis-Bacon Act)

If certain conditions
are met*, with **Annual**
Self-Certification,
Increase Up to \$50,000

With Federal Cognizant
Agency Approval,
Increase Above
\$50,000

*Must include justification, clear identification of the threshold and supporting documentation of **any** of the following:

- A qualification as low-risk auditee for most recent audit
- Annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or
- For public institutions, a higher threshold consistent with state law

Efficient • Effective • Transparent
19

- **Micro-Purchases**
 - Prior threshold was \$3,500, now \$10,000 per FAR (\$2,000 in case of acquisition for construction subject to wage requirements (Davis-Bacon Act))
 - Non-federal entity may self-certify threshold up to \$50,000 **ANNUALLY**
 - Must include justification, clear identification of the threshold and supporting documentation of **any** of the following:
 - A qualification as low-risk auditee for most recent audit
 - Annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or
 - For public institutions, a higher threshold consistent with state law
 - Non-federal entity may request threshold over \$50,000 from

cognizant agency

- Submit request with requirements for self-certification above to cognizant agency for indirect costs
- Increase threshold **valid until there is a change in status** in which justification was approved

Purchases may be made without cost or price analysis or soliciting any quotes or bids if the nonfederal entity considers the price to be reasonable based on research, experience, purchase history, or other information and documents it files accordingly. Purchase cards can be used for micropurchases if procedures are documented and approved by the nonfederal entity.

Under this method, the entity is encouraged to distribute these purchases among qualified suppliers. For example, when purchasing supplies, a nonfederal entity might consider rotating purchases between vendors that offer similar rates. When applying the micropurchase threshold, a nonfederal entity should note the threshold applies to the **aggregate** purchase amount rather than the cost of individual items. For instance, if a purchase is made for multiple kinds of office supplies (computer paper, pens, pencils, ink cartridges, etc.) and the total price is \$25,000, this method would not be applicable because the threshold must be applied to the overall purchase total and not the price of individual types of supply items purchased.

Procurement – Informal (2 CFR §200.320(a))

Small Purchase

- Aggregate dollar amount greater than micro-purchase threshold, less than simplified acquisition threshold (currently \$250k).
- Must obtain **and document** price or rate quotations from adequate number of qualified sources.

Efficient • Effective • Transparent

20

- Small Purchase
 - Aggregate dollar amount greater than micro purchase threshold, does not exceed simplified acquisition threshold.
 - Price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by non-federal entity.

This method is for purchases above the micropurchase threshold but below the simplified acquisition threshold (SAT) as defined by the FAR—currently \$250,000, adjusted periodically for inflation. Price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the nonfederal entity. This doesn't mean formal bids and solicitations for quotes must be made. Quotes may be obtained from a variety of simple sources, *e.g.*, internet search, vendor price listing, verbal quotes, etc. Similar to the micropurchase method, no cost or price analysis is required. As with the micropurchase examples, if a nonfederal entity purchases a variety of office supplies that total \$25,000, this would require consideration for quotes. A nonfederal entity may compare pricing

based on an internet search between a local supply store versus a national chain and select a vendor based on these quotes.

Procurement – Informal (2 CFR §200.320(a))

Simplified Acquisition Threshold (SAT)

- Determined by non-Federal entity based on internal controls, risk evaluation, and documented procurement procedures.
- Cannot exceed \$250,000 FAR threshold.
- Must perform cost or price analysis in connection with every procurement action in excess of the SAT, including contract modifications.

Efficient • Effective • Transparent

21

- Simplified Acquisition Threshold
 - Nonfederal entity responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR.
 - FAR threshold previously \$150,000, now \$250,000
 - Lower SAT must be authorized or not prohibited under state, local, or tribal laws or regulations
 - Non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. Method and degree of analysis is dependent on the facts surrounding the particular procurement situation but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
 - must perform and document a cost or price analysis in

connection with every procurement action above the simplified acquisition threshold, including contract modifications. There are many benefits to a local govt. performing a cost or price analysis, including decreasing the likelihood of unreasonably high or low prices, contractor misrepresentations, and errors in pricing relative to scope. (2 C.F.R § 200.324)

Procurement – Formal (2 CFR §200.320(b))

Sealed Bids

- Publically Solicited
- Firm, fixed-price contract awarded to responsible bidder with lowest price
- Must meet requirements in 2 CFR §200.320(b)(1)
- Must **document** cost and price analysis

Efficient • Effective • Transparent

22

- Sealed Bids
 - A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions noted in 2 CFR 200.320(b)(1) are met

This method is for purchases greater than the SAT. Bids are publicly solicited, and a firm fixed-price contract is awarded to a responsible bidder who has the lowest price and conforms to all the material terms and conditions of the invitation for bid. Price is a significant factor in this method and generally is the preferred method for procuring construction. This method is used if bids may be solicited from an adequate number of suppliers (two or more), a complete and realistic specification or purchase description is available, the purchase results in a firm fixed-price contract, and the selection may be made based on price. A cost and price analysis must be performed for these purchases, and the entity must make independent estimates before receiving bids or proposals.

Procurement – Formal (2 CFR §200.320(b))

Proposals

- Conditions not appropriate for sealed bids (generally because cost is not the only factor)
- Either fixed-price or cost-reimbursement contract awarded
- Must meet requirements in 2 CFR §200.320(b)(2)
- Must **document** cost and price analysis

Efficient • Effective • Transparent

23

- Proposals
 - Either fixed price or cost-reimbursement type contract is awarded. Proposals are used when conditions are not appropriate for use of sealed bids.

This method is for purchases greater than the SAT in situations where sealed bids aren't appropriate. This may be the case when price isn't the only factor in awarding a contract. In general, this results in a fixed-price or cost-reimbursement type contract. Under this method, the following requirements apply:

- RFPs must be publicized and identify all evaluation factors and their relative importance
- Proposals must be solicited from an adequate number of qualified sources
- The entity must have a written method for evaluating and selecting recipients
- Contracts must be awarded to a responsible firm

Similar to sealed bids, a cost and price analysis must be performed for these purchases

Uniform Guidance Procurement

What About Breaking Out Procurements?

Community schools may break down procurements to obtain a more economical purchase or permit maximum participation by small and minority businesses, women's business enterprises, and labor surplus area firms, when economically feasible.

However, community schools are not allowed to break down procurements in an effort to avoid the additional procurement requirements that apply to larger purchases.

§ 200.318 General procurement standards.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also [§ 200.214](#).

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis

for the contract price.

Scenario:

County X solicited and received unit price quotes from 13 debris removal contractors for various types debris removal work.

- *Contractor A submitted the lowest bid for removing and disposing of vegetative debris.*
- *Contractor B submitted the lowest bid for removing and disposing of construction and demolition debris.*
- *Contractor C submitted the lowest bid for both tasks **combined**. Although the combined total was the lowest bid, the unit price quotes for vegetative debris and construction and demolition debris (each elements of the combined bid) were actually higher than Contractors A and B, respectively.*

County of X considered the bids submitted and realized that it would be able to obtain a more economical purchase if it broke up these purchases into separate procurement actions awarded to Contractor A and B. The County awarded the vegetative debris removal work to Contractor A and the construction and demolition debris removal work to Contractor B. Is County of X in compliance with the federal procurement under grant rules by breaking up their procurement in order to obtain a more cost-effective purchase?

Answer: Yes. In this scenario, the County broke up their procurement into two activities and awarding two contracts (one for vegetative debris removal work and another for construction and demolition debris removal work) to contractors that had the lowest bid for each of the two tasks. This decision resulted in a more economic purchase overall. By awarding two separate contracts, the County saved costs that would otherwise be unnecessary for efficient contract performance.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

- **Time-and-Materials Type Contracts**– (aka: Open-ended contract price) May use **only** after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
 - Definition - contract where cost to a community school is the sum of:
 - The actual cost of materials; &
 - Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Efficient • Effective • Transparent

25

§ 200.318 General procurement standards.

(j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient

methods and effective cost controls.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

• Time-and-Materials Type Contracts–

- Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Each contract must set a ceiling price that the contractor exceeds at its own risk. Requires high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Efficient • Effective • Transparent

26

§ 200.318 General procurement standards.

(j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient

methods and effective cost controls.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

- **Intergovernmental agreements encouraged** where appropriate for procurement or use of common or shared goods and services.
 - Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
- **Use of Federal excess and surplus property** also encouraged when feasible and reduces project costs.
- **Use of Value-Engineering clauses** in contracts for construction projects of sufficient size to offer opportunity for cost reductions.

Efficient • Effective • Transparent

27

§ 200.318 General procurement standards.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential

function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also [§ 200.214](#).

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318-.319:

- **Prohibited use of state or local geographical preferences** – Unless federal statutes specifically mandate or encourage geographical preference, must prohibit using statutorily or administratively imposed state or local geographical preferences when conducting procurements.
- **Records** – must maintain documentation to support the history of the procurement, rational for procurement decisions and method used, contractor selection or rejection, basis for contract price, etc.
 - Due consideration should be given in a shared service/intergovernmental arrangement.

Uniform Guidance Procurement

Subpart D, Non-Competitive Procurement 2 CFR §200.320(c):

- Can **only** be used if **one or more** apply:
 1. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
 2. The item is available only from a single source;
 3. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
 4. The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
 5. After solicitation of a number of sources, competition is determined inadequate.

Efficient • Effective • Transparent

29

§ 200.320 Methods of procurement to be followed.

(c) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see [paragraph \(a\)\(1\)](#) of this section);
- (2) The item is available only from a single source;
- (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- (5) After solicitation of a number of sources, competition is determined inadequate.

FEMA defines both exigent and emergency circumstances as situations that demand immediate aid or action. The differences between the two are outlined below:

Emergency

In the case of an emergency, there is a threat to life, public health or safety, improved property, or some other form of dangerous situation that requires immediate action to alleviate the threat. Emergency conditions are generally more short-lived than exigency circumstances.

Exigency

In the case of an exigency, there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the applicant, and use of competitive procurements would prevent the urgent action required to address the situation. Thus, a noncompetitive procurement may be appropriate.

Uniform Guidance Procurement

Non-Procurement - Steps to Take in Emergency or Exigent Circumstance:

- Write a justification to describe the emergency or exigent circumstances.
- Provide a brief description of the goods or services: Justify the need for the specific good or service being contracted to address the emergency or exigency circumstance.
- Estimate the expected dollar amount of the goods or services: A cost or price analysis is required for all procurement transactions above \$250,000.
- Describe any known conflicts of interests and efforts made to identify possible conflicts of interests. If no efforts were made, explain why.
- Define and justify the period of emergency or exigency for the specific situation.
- Transition to a competitively bid contract as soon as the emergency or exigent period ends: Failure to plan for transition to a competitively bid contract cannot be the basis for continued use of the emergency or exigency exception.

Efficient • Effective • Transparent

30

Steps to Take During Emergency or Exigent Circumstances

Write a justification to describe the emergency or exigent circumstances: Explain why sole-sourcing is necessary based on the specific conditions and circumstances that demonstrate why immediate or urgent action is needed. Include the specific steps taken to determine why full and open competition could not have been used. A separate justification is required for every sole-sourced contract.

Provide a brief description of the goods or services: Justify the need for the specific good or service being contracted to address the emergency or exigency circumstance.

Estimate the expected dollar amount of the goods or services: A cost or price analysis is required for all procurement transactions above \$250,000.

Describe any known conflicts of interests and efforts made to identify possible conflicts of interests. If no efforts were made, explain why.

Define and justify the period of emergency or exigency for the specific situation: The period of emergency or exigent circumstances may vary per incident.

Transition to a competitively bid contract as soon as the emergency or exigent period ends: Failure to plan for transition to a competitively bid contract cannot be the basis for continued use of the emergency or exigency exception.

Uniform Guidance Procurement

Non-Procurement – Additional Rules when Sole-Sourcing:

- Contracts must include the required contract clauses.
- Contract must include the federal bonding requirements if the contract is for construction or facility improvement.
- Contract must be awarded to a responsible contractor.
- Must complete a cost or price analysis to determine that the cost or price of the contract is fair and reasonable.
- Contract must not be a cost-plus-percentage-of-cost contract type.
- When using a time-and-materials contract, must comply with the applicable rules.
- Document any known conflicts of interest and any efforts that were made to identify possible conflicts of interest before the sole-sourced contract was awarded.

Efficient • Effective • Transparent

31

Additional Rules that Apply When Sole-Sourcing

Sole-sourcing may be allowed for non-state entities during emergency or exigent circumstances, but they must still follow federal procurement regulations:

Contracts must include the required contract clauses.

Contract must include the federal bonding requirements if the contract is for construction or facility improvement.

Contract must be awarded to a responsible contractor.

Non-state applicant must complete a cost or price analysis to determine that the cost or price of the contract is fair and reasonable.

Contract must not be a cost-plus-percentage-of-cost contract type.

When using a time-and-materials contract, non-state applicants must comply with the applicable rules.

Document any known conflicts of interest and any efforts that were made to identify possible conflicts of interest before the sole-sourced contract was awarded.

V

Uniform Guidance Procurement

Subpart D, Procurement:

- **What about Ohio Laws?**– Most restrictive laws and regulations apply. For example, if State law is more restrictive than Federal Procurement law, State law applies.
- While community schools are exempt from State Competitive Bidding laws, they are not exempt from Uniform Guidance Federal Procurement Rules in applicable Federal programs.
 - Must meet one of the exemptions under **2 CFR §200.320(c)**; these are the only exceptions to Procurement Rules.

Information per 2021 Compliance Supplement, Appendix II of Part 8
All others adopted effective November 2020

Uniform Guidance Procurement

Subpart D, Procurement:

What about State Term Purchasing / Joint Contracting / Intergovernmental Agreements?

- Community schools are encouraged to collaborate on procurement actions for goods and services where the result will lead to cost savings.
- **However, proceed with caution** - Procurement Rules applicable to states differ from those applicable to community schools - *more on this soon!*
- Full and open competition must be maintained.
- Community schools wishing to utilize intergovernmental agreements, etc. must be able to demonstrate that the procurements complied with all applicable federal rules for each school before undertaking.

Uniform Guidance Procurement

Differing State vs. Local Procurement Rules ...What?

- State entities will always follow the procurement standards found at 2 C.F.R §200.317, which directs them to utilize their own procurement standards, comply with applicable guidelines regarding procurement of recovered materials as set forth in 2 C.F.R. § 200.322, and include all necessary contract provisions required by 2 C.F.R. § 200.326.
- Conversely, community schools must adhere to their own procurement policies and procedures, applicable state and/or local laws, and the federal procurement under grant requirements found at 2 C.F.R. §§ 200.318-326.

Efficient • Effective • Transparent

34

A local government procurement transaction must comply with all applicable layers of federal, state and local laws. However, state federal procurements need only comply with state requirements, omitting 2 CFR 200.318-.326 and any additional state or local laws applicable to localities.

Uniform Guidance Procurement

Differing State vs. Local Procurement Rules ...What?

- Further, as it relates to schools, the federal procurement under grant standards at 2 CFR § 200.319(b) prohibit the use of statutorily or administratively imposed local, state, and/or local geographic preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preferences.
- However, because the state is not subject to regulation at 2 CFR §200.319, the regulation bears no applicability to the question presented in this scenario. If Ohio law requires the State to comply with geographic preferences in Procurement, the State can allowably do so under 2 CFR §200.317.

Efficient • Effective • Transparent

35

A local government procurement transaction must comply with all applicable layers of federal, state and local laws. However, state federal procurements need only comply with state requirements, omitting 2 CFR 200.318-.326 and any additional state or local laws applicable to localities.

Procurement – Additional Uniform Rules

Ensure contractor is not suspended, debarred, or excluded on SAM.gov (2 CFR §200.214; 2 CFR §180)

When possible, must use minority businesses, women's business enterprises, and labor surplus area firms (2 CFR §200.321)

Buy American (2 CFR §200.322)

Efficient • Effective • Transparent

36

§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in [paragraphs \(b\)\(1\)](#) through [\(5\)](#) of this section.

§ 200.322 Domestic preferences for procurements.

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

Procurement – Additional Uniform Rules

Prohibition on certain telecommunications and video surveillance services or equipment (2 CFR §200.216) (e.g., Huawei Technologies Company)

Never contract with the enemy (2 CFR §200.215 & 2 CFR Part 183).

Various other contract provisions as outlined in Appendix II to 2 CFR Part 200 – these are items your legal counsel should assist with.

Huawei Technologies Company = WOW WAY

Uniform Guidance Procurement

DOCUMENT!!! DOCUMENT!!! DOCUMENT!!!

- Must maintain detailed records to support the history of the Procurement, including, but not limited to, the rationale for the method of procurement, the selection of the contract type, the contractor selection or rejection, and the basis for the contract price;
- Acquisition planning information and other pre-solicitation documents;
- The statement of work/scope of services;
- A list of sources solicited;
- Copies of published notices of proposed contract action;

Efficient • Effective • Transparent

38

The Uniform Rules provide that the Federal Office of Inspector General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of all local governments which are pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts. All local govts. must acknowledge and agree to comply with applicable provisions governing Federal and pass-through agency access to records, accounts, documents, information, facilities and staff. All local govts. must require any contractors, successors, transferees, and assignees also acknowledge and agree to comply with the regulation.

The Auditor of State also has express authority to review this information in the context of an audit, examination or inspection performed under ORC 117.10 & .11.

Uniform Guidance Procurement

DOCUMENT!!! DOCUMENT!!! DOCUMENT!!!

- Copies of the solicitation documents, as well as any addenda or amendments;
- The notice to unsuccessful bidders or offers and a record of any debriefing;
- A record of protests, disputes and claims;
- Copies of bid, performance, payment, and other bond documents;
- The notice to proceed; and
- Steps taken to comply with the affirmative socioeconomic steps required by 2 CFR § 200.321.

Efficient • Effective • Transparent

39

The Uniform Rules provide that the Federal Office of Inspector General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of all local governments which are pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts. All local govts. must acknowledge and agree to comply with applicable provisions governing Federal and pass-through agency access to records, accounts, documents, information, facilities and staff. All local govts. must require any contractors, successors, transferees, and assignees also acknowledge and agree to comply with the regulation.

The Auditor of State also has express authority to review this information in the context of an audit, examination or inspection performed under ORC 117.10 & .11.

Uniform Guidance Procurement

What happens if the Federal Procurement Rules are not followed?

The Federal Agency has authority to take any of the remedies outlined in 2 CFR §200.339, including:

- Temporarily withhold cash payments until the deficiency is corrected;
- Disallow, or deny the use of, the grant funds or any matching credit for all or part of the activity that is deficient;
- Suspend or terminate the federal grant award;
- Initiate suspension or debarment proceedings;
- Withhold any further federal awards for the project or program; or
- Take other remedies that may be legally available.

ESSER Authorized Uses of Funding

- Inspection, testing, maintenance, repair, replacement, and upgrade projects to **improve the indoor air quality** in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.
- School facility **repairs and improvements** to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs.
- Any allowable use of funds under Impact Aid, including but not limited to **new construction**.
- LEAs (includes community schools) should consider how to balance construction investments with other priorities in order to ensure the LEA is broadly addressing the academic, social, emotional and mental health needs of students.

Supporting Safe and Healthy Schools

- Examples of when LEAs might use ESSER funding:

An HVAC project?

- CDC guidance for safe school operations include improving indoor air quality as a COVID-19 prevention strategy, and many LEAs are considering ventilation upgrades.

Renovations?

- Renovation could enable LEAs to utilize additional space for in-person instruction while maximizing social distancing.

New construction?

- When renovating an existing building would not be cost-effective due to the poor overall condition of the existing building.
- Some LEAs may also choose to use ESSER funds to support a portion of a new construction project, such as its design.

USDE FAQs: Construction

B-6. May ESSER... funds be used for construction?

Yes. Construction is authorized under Title VII of the ESEA (Impact Aid) and therefore is an allowable use of ESSER funds under sections 18002(c)(3) and 18003(d)(1) of the CARES Act, sections 312(c)(3) and 313(d)(1) of the CRRSA Act, and section 2001(e)(2) of the ARP Act. The broad Impact Aid definition of “construction” includes new construction as well as remodeling, alterations, renovations, and repairs under which many activities related to COVID-19 would likely fall. These types of activities are also subject to a number of additional Federal requirements, as detailed in the following slide(s).

Note: Slides throughout this presentation may be paraphrased for presentation purposes. The Use of Funds Guidance, which applies to ESSER awards, can be found here:

https://oese.ed.gov/files/2021/05/ESSER.GEER_FAQs_5.26.21_745AM_FINALb0cd6833f6f46e03ba2d97d30aff953260028045f9ef3b18ea602db4b32b1d99.pdf and additional HVAC guidance can be found here:
https://oese.ed.gov/files/2021/06/HVAC_Use-of-funds-F06-17-2021.pdf

USDE FAQs: Additional Federal Requirements

It is the responsibility of an SEA, LEA, or other subgrantee to assure that:

- 1) individual costs comply with the Cost Principles in 2 CFR Part 200, subpart E (e.g., the cost must be “necessary and reasonable” (2 CFR §§200.403-200.404);
- 2) Individual costs meet the overall purpose of the CARES Act, CRRSA Act, or ARP Act programs, which is “to prevent, prepare for, and respond to” COVID-19;
- 3) individual costs are consistent with the proper and efficient administration of those programs. Under these general principles, any construction activities, including renovations or remodeling, that are necessary for an LEA to prevent, prepare for, and respond to COVID-19 could be permissible, though the burden remains on grantees and subgrantees to maintain the appropriate documentation that supports the expenditure;
- 4) construction projects obtain the required **prior written approval** by an LEA’s SEA (or the Department for State projects) (See Title VII of the ESEA and 2 CFR §200.439(b).); and
- 5.) approved construction projects comply with **applicable Uniform Guidance requirements, Davis-Bacon prevailing wage requirements**, and all of the Department’s applicable regulations regarding construction at 34 CFR §§76.600 and 75.600-75.618.

Efficient • Effective • Transparent

USDE FAQs: Renovation & HVAC Projects

B-7. May ESSER...funds be used for renovation, including for such projects as making improvements to a school facility to improve indoor air quality (such as heating, ventilation, and air conditioning (HVAC) systems), and projects that would promote social distancing and safe in-person instruction?

Yes. ESSER funds may be used to make necessary improvements, for example to improve air quality and support social distancing, so that teachers and students may safely return to and continue in-person instruction. This might include renovations that would permit an LEA to clean effectively (e.g., replacing old carpet with tile that could be cleaned more easily) or create a learning environment that could better sustain social distancing (e.g., bringing an unused wing of a school into compliance with fire and safety codes in order to reopen it to create more space for students to maintain appropriate social distancing).

If an LEA uses funds for HVAC systems, the Department's regulation at 34 CFR §75.616(c) requires the use of American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE) standards. A State, SEA, or LEA might also consider using ESSER funds to establish a program for assessing and improving HVAC systems. Such a program could also require verification that proper ventilation is occurring, such as through the use of carbon dioxide (CO₂) monitors.

USDE FAQs:

The EPA and CDC also have a variety of publications that can assist education leaders in improving indoor air quality in schools:

[Air Cleaners, HVAC Filters, and Coronavirus \(COVID-19\) | US EPA](#)

[Ventilation in Buildings | CDC](#)

ODE determines the process schools must use for granting prior approval to use ESSER for capital projects.

[ODE CCIP ESSER Assurances \(state.oh.us\)](#) – Preapproval for construction and renovation projects

Is NEPA applicable to LEA construction projects funded with ESSER funds? • No. NEPA is not applicable to LEA construction projects that are funded with ESSER funds. • 34 CFR § 75.601 requires an applicant to submit an environmental assessment of the impact on the proposed construction that is consistent with relevant provisions of the National Environmental Policy Act (NEPA). This provision only applies to construction projects that are operated and managed by the Department and require direct approval from the Department. Due to the nature of the ESSER funds, the Department does not: have a decision-making role in planning the specific projects, or directly manage the implementation or procurement for LEA projects such as the HVAC projects or have the power to act on any environmental effects revealed by an environmental assessment.

In addition, the Department does not exercise control over the use of the funds for any individual project, as long as the project continues to meet

all statutory and other applicable requirements (such as the Uniform Guidance and the Department's administrative regulations). As a result, these types of LEA ESSER projects are not considered as a "major Federal action" under the NEPA provisions and are not subject to 34 CFR§ 75.601.

- While NEPA is not applicable, the Department highly encourages States to require some type of environmental assessment for LEA projects that involve breaking new ground such as for expanding the size of an existing facility or replacing an outdated facility. This may already be required by some State laws and is a prudent step that would help to assess any potential environmental ramifications of expanding or replacing school facilities and ensure compliance with any applicable State, local or Federal environmental requirements. •

USDE FAQs: Prior Approval and Bidding

Is SEA prior approval required before LEA bidding is advertised?

- No. SEA prior approval is not required before LEA bidding is advertised under applicable Department requirements.
- The provisions in 34 CFR §§ 75.600-617 are “as applicable” and every provision does not apply to every project. Some have cited 34 CFR § 75.605, which states in relevant part that: “Before construction is advertised or placed on the market for bidding, the grantee shall get approval by the Secretary of the final working drawings and specifications.”
- This provision applies to direct construction projects that require approval from the Department, not those that require approval under the Uniform Guidance from an SEA. Therefore, an LEA ESSER project that an SEA is approving and has been initiated or is already underway should not have to be rebid.

ODE Prior Approval Process

What does ODE require?

- Must budget all capital outlay expenditures in the CCIP.
- ODE's approval of the CCIP application constitutes approval of the capital activity.
- ESSER I looked a little different than ESSER II and ESSER III applications, which require completion of additional information and questions about the capital expenditures and projects.

Questions?

Contact

Web: OhioAuditor.gov

Email:
mafredrickson@ohioauditor.gov

Social: [@OhioAuditor](#)

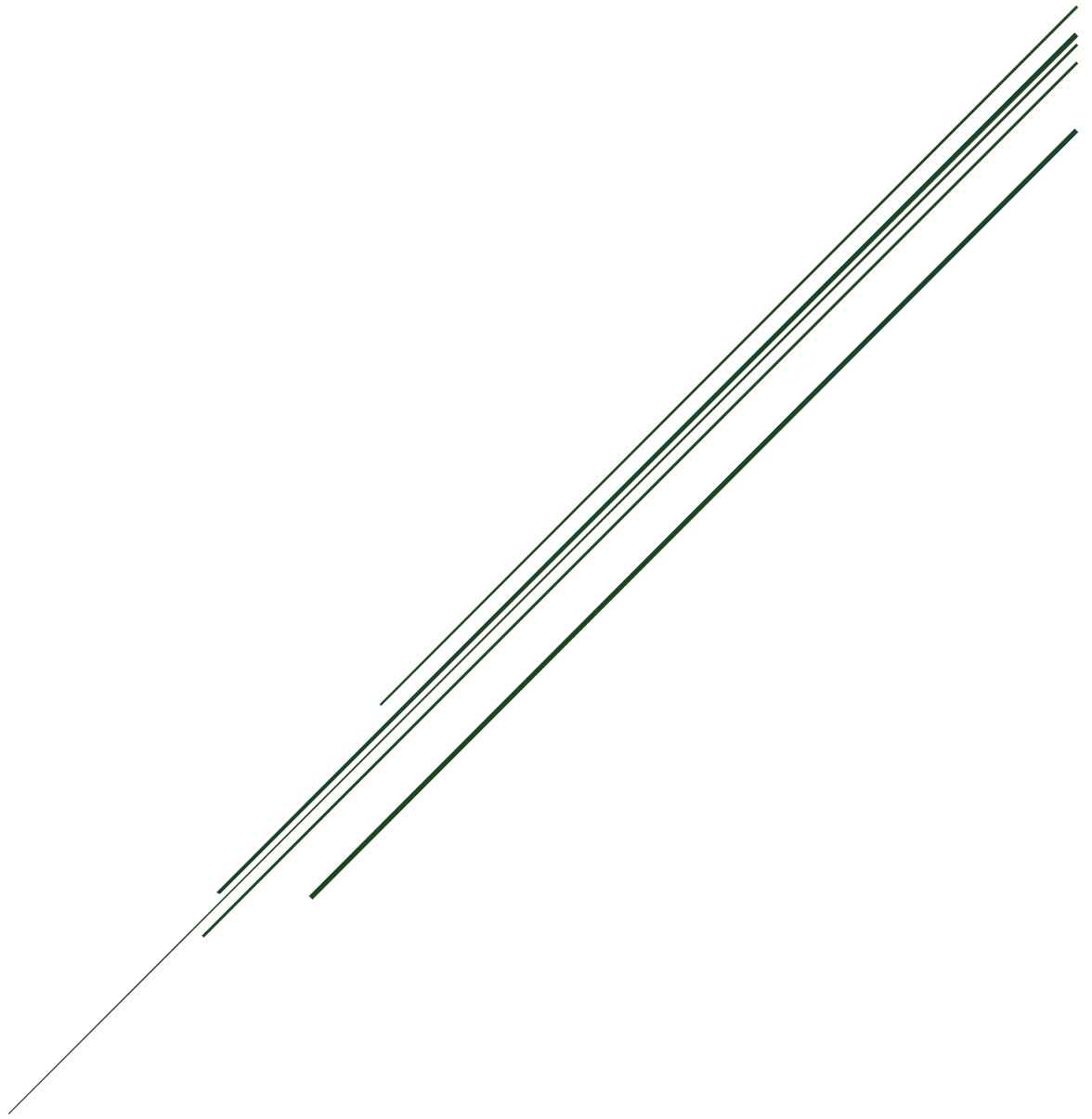


OHIO AUDITOR OF STATE
KEITH FABER



COMPLIANCE TESTING OVER FTE

Slides



Compliance Testing over FTE

Morgan Helmick, CPA - Principal



Agenda

- ◆ Define type of School
- ◆ Brick and Mortar Schools
- ◆ E-Schools
- ◆ Blended Learning Schools

Define Type of School

- ◆ Brick & Mortar (in person)- 1-27A
 - Remote Learning Plan Continuation-1-27A
- ◆ E-School (Internet/Computer Based not in a B&M setting)- 1-27B
- ◆ Blended Learning School (classroom & non-classroom learning opportunities)- 1-27C
 - Remote Learning Plan Continuation-1-27C

Brick & Mortar School (1-27A)- RLP

1. Memo regarding RLP or in person (ex. in 1-27A)

Write any format is acceptable, following is a suggested option to document learning modality used during FY 2022. This form may be copied if more lines are needed.

Building Name	Dates in Person/Normal	Dates used Blended Model	Dates used Remote Learning Plan
ie. Akros Middle School	3/1/22-5/28/22	n/a	8/13/21-2/26/22

2. Perform Walkthrough and document (treasurer/bldg. secretary/operator)

- Enrolling/withdrawing students
- Verification of student residence
- School calendar setup/approval
- Documenting daily attendance procedures
- Monitoring student absences (ie. tracking 72 hour rule)

Brick & Mortar School (1-27A)- RLP

Remote Learning Plan – Additional Memo see link in 1-27A

- If the school used a Remote Learning Plan, then complete the following document and add it to your working papers.

Use of RLP in FY22 required to have previously submitted one for FY21

- New for FY22-only for parents/guardians submitting written request for student

Resolution adopted to continue use for FY22

Notified ODE by Dec. 15, 2021

Brick & Mortar School (1-27A)- RLP

RLPs (Continued) – only test inclusion of following items, not sufficiency

b. The updated RLP for FY 2022 shall do all of the following (auditors are not expected to test the sufficiency of each item, just that each item was included):


1. Meet all minimum school year requirements under section 3314.03 or 3313.48 of the Revised Code.
2. Ensure that students have access to the internet and to devices students may use to participate in online learning. If a school determines that a student does not have appropriate access to the internet or a device, the school shall provide it at no cost to the student. Schools shall provide a filtering device or install filtering software that protects against internet access to materials that are obscene or harmful to juveniles on each computer provided to students for instructional use.
3. Track and document all student remote learning participation including online and offline
4. Report student attendance based on student participation.
5. Monitor and assess student achievement and progress and provide additional services if necessary to improve student achievement.
6. Periodically communicate with parents or guardians regarding student progress.
7. Develop a statement describing the school's approach to addressing nonattendance and its compliance with truancy procedures and requirements.
8. Report to the Department of Education both of the following:
 - a) The total number of students engaged in remote learning by grade level.
 - b) The total number of students with disabilities engaged in remote learning.

Brick & Mortar School (1-27A)- RLP

📌 RLPs (Continued)

4. Select one student on the Remote Learning Plan for FY 2022 and determine the following:

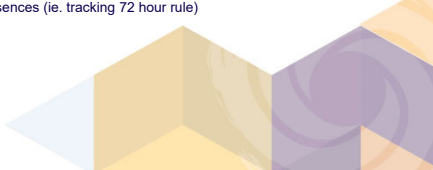
- a. If the student's parents or guardians submitted a written request to the principal of the school building to which the student is assigned to specifically request the RLP option.
- b. Select one week the student was on the RLP & perform a walkthrough. Based on documentation in the controls box in 1-26 & the school's RLP, determine if documents exist to support such controls were in place.



Brick & Mortar School (1-27A)

📌 1. Perform Walkthrough and document (treasurer/bldg. secretary/operator)

- Enrolling/withdrawing students
- Verification of student residence
- School calendar setup/approval
- Documenting daily attendance procedures
- Monitoring student absences (ie. tracking 72 hour rule)



Brick & Mortar School (1-27A)

📌 2. Calendar Testing

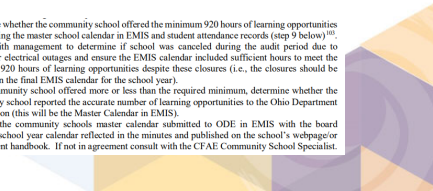
- Items from school
 - EMIS Calendar
 - Board Approved Calendar
 - Calamity Days

a. Determine whether the community school offered the minimum 920 hours of learning opportunities by reviewing the master school calendar in EMIS and student attendance records (see 9 below)¹⁰.

b. Inquire with management to determine if school was canceled during the audit period due to weather or electrical outages and ensure the EMIS calendar included sufficient hours to meet the minimum 920 hours of learning opportunities despite these closures (i.e., the closures should be reflected in the final EMIS calendar for the school year).

c. If the community school offered more or less than the required minimum, determine whether the community school reported the accurate number of learning opportunities to the Ohio Department of Education (this will be the Master Calendar in EMIS).

d. Compare the community schools master calendar submitted to ODE in EMIS with the board approved school year calendar reflected in the minutes and published on the school's webpage or in the parent handbook. If not in agreement consult with the CFAE Community School Specialist.



Brick & Mortar School (1-27A)

- FTE Adjustments
 - <https://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/State-Funding-For-Schools/Community-School-Funding>
 - FY2021
 - » Payment Schedule
 - » Community School Payment Reports
 - » Statement of Settlement
 - » Industry-recognized Credential Reimbursement
 - » Innovative Workforce Incentive Program Payment
 - » College Credit Plus Deduction Reports
 - » FY2021 Final #1
 - » FY2021 Final #2
- Consider based on auditor materiality whether these differences should be recorded/passed aje/ below trivial for consideration

Brick & Mortar School (1-27A)

- FTE Adjustments
 - Consider Schools true up policy (effective 2017)
 - Review for material to be recorded/passed/below trivial
 - Typical contracts effected
 - Sponsor
 - Operator
 - Lease Agreements

Brick & Mortar School (1-27A)

- ODE FTE Reviews
 - IPA Portal great starting point

IPA Resources:

AOS Master Community School Spreadsheet.xlsx

- Yes to FY22 FTE Review

If ODE has conducted a FTE review for the fiscal year: (Note: if a FTE review **has not been conducted**, proceed to step 9)

 - Obtain a copy of the written report¹⁰⁶ and review the results of procedures performed¹⁰⁶.
 - If ODE reported an issue(s), auditors should assess materiality and consider reporting a similar finding(s) in the audit report or management letter based upon the results of ODE's FTE Review.

Brick & Mortar School (1-27A)

Report Introduction

A Full-Time Equivalency (FTE) review was completed by Jack Nairus of the Ohio Department of Education on Tuesday, April 7, 2022. [redacted] is a brick-and-mortar community school with students receiving instruction in a traditional fashion. [redacted] was funded for 79.47 FTEs on its March 2022 SFPR and had 117 unique student records on its April 4, 2022, FTE detail report. The school was reviewed using a modified protocol.

There were no issues identified.

Report Introduction

A Full-Time Equivalency (FTE) review was conducted by Jack Nairus of the Ohio Department of Education on Thursday, April 28, 2021 and completed on Thursday, May 6, 2022. [redacted] is a brick-and-mortar community school with students receiving instruction in a traditional fashion in four separate locations.

School was funded for 1,126.01 FTEs on its April 2022 SFPR and had 1,206 unique student records on its April 21, 2022, FTE detail report. Ninety-seven unique student records were selected to be reviewed. In addition, thirty-five of those records were special education files selected for review.

The school had issues that have been resolved. No further action is necessary.

Brick & Mortar School (1-27A)

No FTE Review for FY22

- Items Needed from School/Treasurer/Operator
 - FTE Report or equivalent (Level 2)
 - Student File from Selected SSID
 - Daily Attendance Report or equivalent (R309A)

Step 9a:

- a. Student file testing: Select a representative number of students enrolled for any part of the school year (normally five students is sufficient and this is a separate sample from the step below;

Brick & Mortar School (1-27A)

- Level 2 FTE Detail Report or equivalent (used for selections) (step 9A, 5 students or higher based on auditor risk assessments)

A	B	C	D	E	F	G	H	I	X	Y	Z	AA
District	Building	State	District	Equivalent	Legal District	Effective	Withdraw					
1	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
1	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
2	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
3	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
4	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
5	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000
6	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000	00000000

Brick & Mortar School (1-27A)

Start Date & End Date & Adj FTE # (Level 2 FTE Detail Report)

RTD DE	Blg Bl	SEVER	USD	Enr ID	Last Name	First Nm	Middle Name	LEARN	LEVEL 2	RESULT	RESULT	FTE FUL	ENRL START DA	ENRL END DA	ORIG FTE	ADJSTD FTE
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1
FTE-D-001	F70000								FTE Detail COMM				08/18/2021	12/31/2500	1	1

Brick & Mortar School (1-27A)

Review for Exceeding over 72 hour rule

- Review EMIS Calendar for learning hours per day

Calendar for: Dist Blg Grade AP	Row Number	Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Student Session Day	Student Session Hour	Student YTD Day	Student YTD Hour
	01	Jul-21						01	02	03			
	02												
	03		04	05	06	07	08	09	10				
	04		11	12	13	14	15	16	17				
	05		18	19	20	21	22	23	24				
	06		25	26	27	28	29	30	31				
	07	Aug-21											
	08		01	02	03	04	05	06	07				
	09		08	09	10	11	12	13	14				
	10		15	16	17	18	19	20	21	3	18.75	3	18.75

• From here we can see that for this school. The student would need 11.52 straight unexc absences to trigger the ruling for auto withdrawal

Brick & Mortar School (1-27A)

Next we review the daily attendance report for selected students

- Sample report parameters we receive

7/7/2022 Student Absence Search Detail 8:09 AM

User Name: Total Report Pages: 428

School:

School Year: 2021-2022

Sorting Options: LastName ASC, FirstName ASC, MiddleName ASC, GradeLevelSortOrder ASC, StudentNumber ASC, PersonID ASC, CalendarDate ASC

Criteria

Date Range: 08/18/2021 to 05/27/2022

Hiberniscorn Date: 05/27/2022

Show All Absences: True

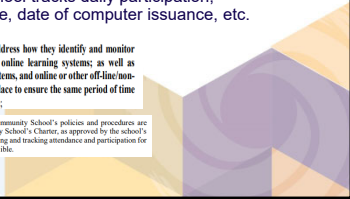
Sort Parameters: Student Name (ASC), Grade Level (ASC)

E-Schools (1-27b)

- ◆ Only for Schools created under ORC 3314.02
 - Not for schools with Online software/Labs in a B&M setting or RLP in place
- ◆ 1. Document a Memo on how school tracks daily participation, enrollment/withdrawal, 10 hour rule, date of computer issuance, etc.

It is important that their policy/procedures address how they identify and monitor overlap/duplication of time between various online learning systems; as well as duplication of time between online learning systems, and online or other off-line/non-classroom. The school must have controls in place to ensure the same period of time does not overlap or be counted more than once.

2. As part of this evaluation, determine whether the Community School's policies and procedures are consistent with the Educational Plan in the Community School's Charter, as approved by the school's sponsor, and include sufficient procedures for identifying and tracking attendance and participation for all students for whom the community school is responsible.



E-Schools (1-27b)

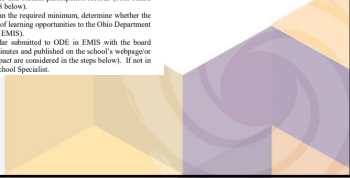
- ◆ Similar Calendar Testing per Slides above, just documentation for offline learning opportunities to be considered

Inquire with community school management about the learning opportunities it offered as part of its operating standards during the audit period.

a. Determine whether the community school offered the minimum 920 hours of learning opportunities by reviewing the master school calendar in EMIS and student participation records (both online and off-line/non-classroom as applicable in step 8 below).

b. If the community school offered more or less than the required minimum, determine whether the community school reported the accurate number of learning opportunities to the Ohio Department of Education (this will be the Master Calendar in EMIS).

c. Compare the community school's master calendar submitted to ODE in EMIS with the board approved school year calendar reflected in the minutes and published on the school's webpage in the parent handbook (differences and their impact are considered in the steps below). If not in agreement consult with the CFAE Community School Specialist.



E-Schools (1-27b)

- ◆ Similar FTE adjustments procedures as previously discussed



E-Schools (1-27b)

No FTE Review Steps

Student file testing: Select a representative number of students enrolled for any part of the school year (normally five students is sufficient and this is a separate sample from the step below; however, auditors should assess the risk of noncompliance for their particular school and increase this selection, if appropriate).

Review the student files for the selected students and determine whether the school is following its policies for documenting and measuring student enrollment, attendance and participation.

- i. Determine whether the school has birth record¹⁰ and proof of residency documentation for the student contained in the student file.
- ii. Determine whether the school has completed/signed student enrollment forms contained in the student file.
- iii. Determine whether the community school is retaining the membership record for at least five years.
- iv. Determine whether the school has maintained records of student absences in the student file (or elsewhere) sufficient to enable the school to monitor its compliance with their policy/procedure/education plan on the 72 consecutive hour rule for withdrawal. If the student was reported absent for 72 consecutive hours, determine the date the student should have been withdrawn, ascertain whether the school reported it timely, and verify that less than 1 FTE was claimed for the student. You do not have to calculate the exact FTE. If you find the school claimed 1 FTE for a student that should have been withdrawn, consider that when selecting the number of students to test in step 8 (c)(i).

- When students are noted nearing the 72 consecutive hour withdrawal mark, and then attend for just a few days, determine if the school complied with Ohio Rev. Code § 3321.191 requirements & the school's truancy policy (send parent notices, maintain call logs, refer to court (if required), etc.). Also, look for proof of completed assignments for the few days the student was marked as attending to substantiate that they did attend. [Each Child, One Future, Supporting Regular Attendance](#)



E-Schools (1-27b)

b. Determine and document how the e-school's online educational learning system operates and how much reliance can be placed upon log in and log out times (i.e., duration of time) in the system as evidence of student participation (step e below). Consider utilizing the "E-school and Blended School FTE Review Guiding Questions" appendix in the ODE FTE Review Manual.

c. Participation testing: Select the greater of 5 or 3% of community school students that were enrolled for any part of the school year from the school's EMIS report. The number of students selected need not exceed 20 students.

- i. For each student identified, select, 5 non-consecutive enrollment days under the audit period and determine whether the student participated¹¹ in and received credit for more than 10 hours of learning opportunities in any 24-hour period. Also determine whether overlap/duplication of time between various online learning systems; as well as duplication of time between online learning systems, and off-line/other non-classroom time exists. Finally, determine whether the school maintains log records or student-prepared participation logs that match the daily hours of instructions listed in the school's daily EMIS calendar for selected students. The total log time hours and off-time/non-classroom



E-Schools (1-27b)

learning documentation for each student should match the hours reported in EMIS. If the student has non-computer learning opportunities, the school should maintain documentation in the student file to document participation and approval in writing by a teacher of such time. Auditors should report noncompliance or other client communication where log and non-computer hours documented in the student files do not match EMIS and no other supporting documentation exists; as well if overlap/duplication of time is noted, or if students are receiving credit for more than 10 hours in a 24 hour period.

Note: This is admittedly a difficult step; however, the total computer and non-computer-based learning opportunities must be adequately supported and be reasonably comparable to the total hours of instruction claimed by the school to be provided to the student based upon the FTE reported in EMIS.

Using the applicable student files, participation records and school calendar, determine if the student should have 1 or less than 1 FTE and compare to what the school reported to ODE in EMIS. For example, if the e-school's attendance policy requires the students to participate during certain hours/days, and a student is documented as being absent, whether excused or unexcused, the students FTE should not equal 1. If it is evident that a FTE should have been reduced and wasn't we would consider this an exception. You do not have to calculate the exact FTE. Exceptions should be discussed with the CFAE Community School Specialist.



E-Schools (1-27b)

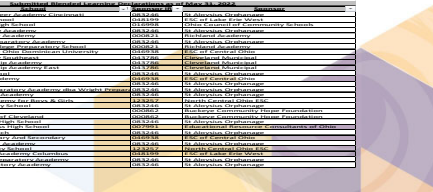
- Most of these schools have a proprietary software so we see various reports.



Blended Learning Model (1-27C)


- Listing on ODE website:
 - <https://education.ohio.gov/Topics/Community-Schools/Directory-of-Community-Schools-Sponsors-and-Operat>
 - Below is not a comprehensive list, only first part for space saving!

Community School	Community School Sponsor	Community School Operator	Community School Status
0410001
0410002
0410003
0410004
0410005
0410006
0410007
0410008
0410009
0410010
0410011
0410012
0410013
0410014
0410015
0410016
0410017
0410018
0410019
0410020
0410021
0410022
0410023
0410024
0410025
0410026
0410027
0410028
0410029
0410030
0410031
0410032
0410033
0410034
0410035
0410036
0410037
0410038
0410039
0410040
0410041
0410042
0410043
0410044
0410045
0410046
0410047
0410048
0410049
0410050
0410051
0410052
0410053
0410054
0410055
0410056
0410057
0410058
0410059
0410060
0410061
0410062
0410063
0410064
0410065
0410066
0410067
0410068
0410069
0410070
0410071
0410072
0410073
0410074
0410075
0410076
0410077
0410078
0410079
0410080
0410081
0410082
0410083
0410084
0410085
0410086
0410087
0410088
0410089
0410090
0410091
0410092
0410093
0410094
0410095
0410096
0410097
0410098
0410099
0410100



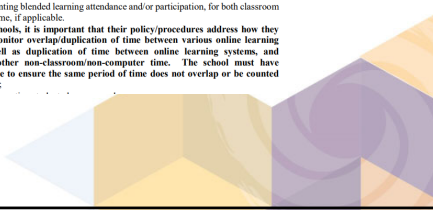
Blended Learning Model (1-27C)

- Determine if an RLP is in place for FY22
 - See previous slides for additional documentation if a Yes




Blended Learning Model (1-27C)

- Similar Memo of procedures as previously discussed with some additional guidance
 - Offering and documenting credit flexibility¹³;
 - Offering and documenting Blended learning attendance and/or participation, for both classroom and non-classroom time, if applicable.
 - For blended schools, it is important that their policy/procedures address how they identify and monitor overlap/duplication of time between various online learning systems; as well as duplication of time between online learning systems, and classroom or other non-classroom/non-computer time. The school must have controls in place to ensure the same period of time does not overlap or be counted more than once.



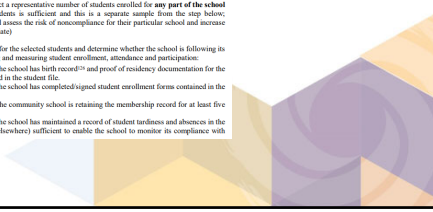
Blended Learning Model (1-27C)

- Similar Calendar, FTE adj, and FTE review Letter considerations as previously discussed



Blended Learning Model (1-27C)

- No FTE Review Letter Steps
 - Determine whether the school has support for meeting the 920 hours of learning opportunities and whether the school is following its policies for documenting and measuring student enrollment, attendance, participation and duration.
 - Student file testing: Select a representative number of students enrolled for any part of the school year (normally five students is sufficient and file in a separate sample from the step below; however, auditors should assess the risk of noncompliance for their particular school and increase this selection, if appropriate)
 - Review the student files for the selected students and determine whether the school is following its policies for documenting and measuring student enrollment, attendance and participation:
 - Determine whether the school has birth record¹⁴ and proof of residency documentation for the student contained in the student file.
 - Determine whether the school has completed/signed student enrollment forms contained in the student file.
 - Determine whether the community school is retaining the membership record for at least five years.
 - Determine whether the school has maintained a record of student tardiness and absences in the student file (or elsewhere) sufficient to enable the school to monitor its compliance with



Blended Learning Model (1-27C)

Non-classroom participation time (testing (online duration or non-computer/non-classroom log documentation))

- Determine and document how the schools online educational learning system operates and how results reflect on the school's open log in and log out times (i.e., duration of track in the system as evidence of student attendance and participation (copy it below). You should also review the school's Educational Plan approved by the speaker and the school's contract to determine what types of blended learning model they have. Consider utilizing the "Blended and Alternative School FTE" Reviewing Questions" appendix in the OBE FTE Review Manual.

Examples:

- If the brick & mortar school has a blended learning model that only require students to attend 3 of 5 hours per day at the school location (classroom time), and the remaining 2 hours in non-classroom time - only the 2 hours of non-classroom time would need tracked - attend.
- If the brick & mortar school has a blended learning model where the students attend all their time learning on a computer as their own pace, but it all takes place within the brick & mortar setting with a teacher on-site, there would be no "non-classroom time" and therefore no time would be reported in the tracked 1 category. This is a blended learning educational model, but for FTE funding purposes, not considered blended.


- Attendance - Durational Participation Testing:** For all students participating in classroom students that were enrolled for any part of the school year from the school's EMS support (the number of students enrolled need not exceed 500 students).
- For each student select 5 non-consecutive enrollment days under the audit period and determine whether each day/definition of term, between various online learning systems as well as application of time both on online learning systems, and classroom or other non-classroom/computer time occurs. In addition, determine whether the school maintains log reports or education prepared participation logs that match the daily hours of attendance listed in the school's daily EMS calculator for individual students. The total log time hours and non-classroom/computer learning documentation for each student should match the hours reported in EMS. If the students have non-computer learning opportunities, the school should maintain documentation in the student file to document participation and approval or opting for a non-log of one time student should report non-computer or other system communication in their file and non-computer hours documented in the student file do not match EMS and no other supporting documentation exists, as well as if coverage/definition of time is correct.

Blended Learning Model (1-27C)

Using the applicable student files, attendance and durational participation records, and the school calendar, determine if the student should have 1 or less than 1 FTE and compare to what the school reported to OBE in EMS. For example, if the blended school attendance policy requires the student non-classroom participation time to be during certain hours/day, and a student is documented as being absent, whether excused or unexcused, the student FTE should not equal 1. If it is evident that a FTE should have been reduced and wasn't we would consider this an exception. You do not have to calculate the exact FTE. Exceptions should be discussed with the CAP Community School Specialist.¹⁹

Questions?

Morgan Helmick, CPA
 Direct: 330-661-0234
 Cell: 330-603-0738
 Email: morgan_helmick@reacpa.com

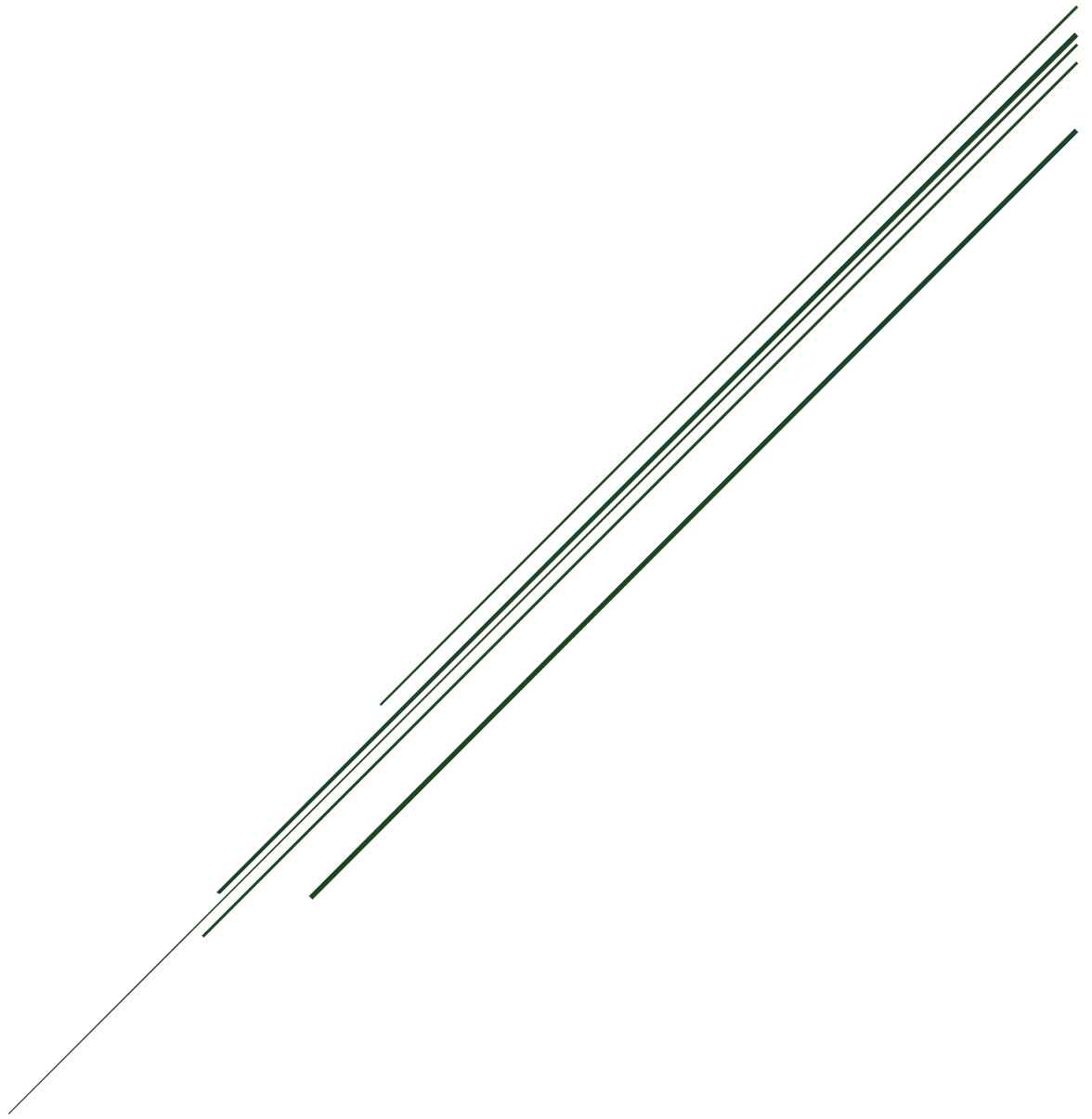


OHIO AUDITOR OF STATE
KEITH FABER




ODE SCHOOL FUNDING UPDATE

Slides



#EachChildOurFuture

State Foundation Funding for Community Schools



Aaron Rausch and Elena Sanders
Office of Budget and School Funding – 9/7/2022

Ohio Department of Education

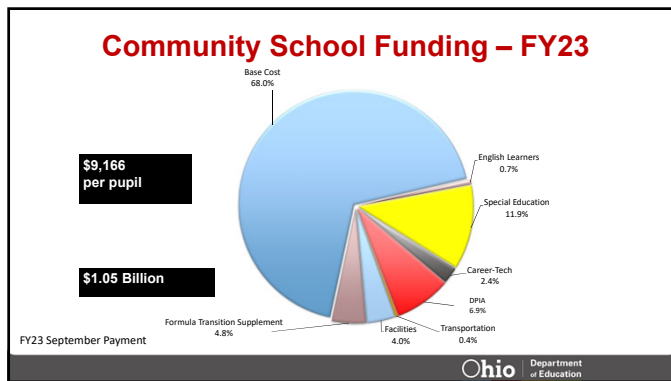
HB 110 – Key Changes for Community/STEM Schools

- Implements the Fair School Funding Plan for FY22 and FY23.
- Direct funding for Community Schools, STEM Schools, Scholarship Programs, and Open Enrollment (fund students where they are educated).
- Establishes a base cost methodology based on student teacher ratios.
- Revises categorical aid and restricts funds for subgroups.

Ohio Department of Education

Payment Report – Community Schools

	(a) Base State Funding	(b) Calculated State Funding	[c = (b-a)*%] Phase-in Funding ¹	[If F(b) < F(a+c), d=b, else d = a+c] State Funding
State Support				
A Base Cost	\$670,152,241.57	\$836,895,891.69	\$55,575,658.52	\$716,899,575.75
B Special Education	\$123,294,393.91	\$140,866,679.01	\$5,856,042.56	\$125,145,780.80
C Disadvantaged Pupil Impact Aid (DPIA)	\$59,231,951.31	\$125,898,615.07	\$22,219,999.02	\$83,457,462.88
D English Learners	\$6,908,060.33	\$7,819,062.09	\$303,636.85	\$7,101,061.80
E Career Technical Education	\$18,092,859.75	\$38,155,068.30	\$6,686,734.14	\$24,912,338.06
F Core Foundation Funding [A + B + C + D + E]	\$877,679,506.87	\$1,149,635,316.18	\$90,642,871.09	\$957,596,227.29
G Transportation				\$4,297,108.56
H Formula Transition Supplement				\$504,981,189.57
I Facilities				\$41,999,998.94
J Total State Support [F + G + H + I]				\$1,054,381,524.36
FY23 September Payment				



Base Cost

- Using an input-based and professional judgement approach to a **base cost**.
- Statewide average per-pupil amounts calculated on the traditional districts side are used for community schools.
- Each community school will generate a **different base cost amount**.
- The statewide average base cost per pupil is **\$7,351.71 (if fully phased-in)**.
- Once a per pupil amount is determined – it is **applied against current year enrollment**.

Ohio Department of Education

Base Cost (cont.)

- Base cost funding includes five areas:
 1. Teacher Base Cost (4 subcomponents)
 2. Student Support Base
 3. Leadership & Accountability
 4. Building Leadership & Operations
 5. Athletic Co-Curricular (contingent on eligibility)
- Statewide Average Base Cost Per-pupil for #2-5 are calculated on the traditional district side using districts' FY18 expenditure data

Ohio Department of Education

Categorical Aid

- Provides additional funding beyond base cost for:
 - Economically disadvantaged students (increased per pupil amount - \$272 to \$422 and renamed disadvantaged pupil impact aid)
 - English learners – funds are **restricted** to English learners. Funding levels converted to **weights**.
 - Students with disabilities – increased per pupil amounts. Funding levels converted to **weights**.
 - Career-Technical Education – Funding levels converted to **weights**.

Categorical Aid Weights

Special Education and English Learners Weights are multiplied by Statewide Average Base Cost Per-Pupil (\$7,351.71)

Category	Description	FY22 - FY23 Weight
1	Speech and Language Impairments	0.2455
	Intellectual Disabilities	
2	Specific Learning Disabilities	0.6179
	Other Health Impaired (minor)	
	Developmental Delay (preschool only)	
3	Deafness (hearing impairment)	1.4845
	Emotional Disturbance (EBD)	
4	Visual Impairments	1.9812
	Other Health Impaired (major)	
5	Multiple Disabilities (other than deaf-blind)	2.6830
	Orthopedic Impairments	
	Deaf-Blindness	
6	Autism	3.9554
	Traumatic Brain Injury (TBI)	

Category	Description	FY22 - FY23 Weight
1	Students identified as English learners and enrolled in schools in the U.S. for 180 days or less.	0.2194
2	Students identified as English learners and enrolled in schools in the U.S. for more than 180 days until the student achieves a proficient score on the spring administration of the state's English language proficiency assessments.	0.1577
3	Students who achieved the proficient score on the spring administration of the state's English language proficiency assessments (for two years after they initially earned the proficient score).	0.1053


Categorical Aid Weights

Career Technical Education Weights are multiplied by Statewide Average Career Technical Base Cost Per-Pupil (\$8,891.03)

Category	Description	FY22 - FY23 Weight
1	WFD in Agriculture and Environmental Systems, Construction Technologies, Engineering and Science Technologies, Finance, Health Science, Information Technology and Manufacturing Technologies.	0.6230
2	WFD in Business Administration, Hospitality and Tourism, Human Services, Law and Public Safety, Transportation Systems and Arts and Communications.	0.5905
3	Career-based Intervention Programs.	0.2154
4	WFD in Education and Training, Marketing, WFD in Academics, Public Administration and Career Development.	0.1830
5	Family and Consumer Science Programs.	0.1570


Restricted Funds

- 3211 – Disadvantaged Pupil Impact Aid (DPIA) (formerly known as Economically Disadvantaged funding)
- 3218 – Student Wellness and Success Funding (previously received with 3219)
– [DPIA and SWS Guidance](#)
- 3215 – Career Technical Education Funding (previously received with 3219)
- 3217 – English Learner Funding
– [EL Guidance](#)

 10


Phase-In Approach* (for most schools)

- Most schools would not see their full amount calculated by the formula in FY22 or FY23. They will gradually get there through a phase-in.
 - Phase-in percentage of 16.67% in FY22 and 33.33% in FY23.
 - Transportation and Facilities funding not subject to phase-in.
 - Full phase-in period is over the course of 6 years.
- Some schools received the full amount in FY22 because it was less than their funding base and no phase-in necessary.

 10

Funding Base

- 3317.02 (P)(1-3) Community Schools
- 3317.02 (Q)(1-3) STEM Schools
- Schools operating in FY20
 - Amount paid to school in FY20
 - FY20 Final #2 – Sum of Lines I, L and M
- Schools opened in FY21, FY22 and FY23
 - Amount school would have been paid had it been opened in FY20

 12

Phase-In Approach (most schools)

Name: Ashland County Community Academy County: Ashland IRN: 009971
 Sponsor Name: E-School: No

	(a) Base State Funding	(b) Calculated State Funding	(c)-(b-a)*% Phase-In Funding ¹	IF (b) < (a+c), d=b, else d=a+c State Funding
State Support				
A. Base Cost	\$585,947.80	\$559,930.43	\$-26,017.37	\$559,930.43
B. Special Education	\$101,015.26	\$195,603.84	\$94,588.58	\$195,603.84
C. Disadvantaged Pupil Impact Aid (DPIA)	\$11,054.03	\$60,373.18	\$49,319.15	\$60,373.18
D. English Learners	\$0.00	\$0.00	\$0.00	\$0.00
E. Career Technical Education	\$0.00	\$0.00	\$0.00	\$0.00
F. Core Foundation Funding (A + B + C + D + E)	\$698,017.17	\$755,907.45	\$57,890.28	\$755,907.45
G. Transportation				\$0.00
H. Formula Transition Supplement				\$0.00
I. Facilities				\$40,420.63
J. Total State Support (F + G + H + I)				\$796,328.08

Ohio Department of Education

Phase-In Approach (some schools)

Name: Summit Academy Community School-
 Columbus County: Franklin IRN: 000296
 Sponsor Name: ESC of Lake Erie West E-School: No

	(a) Base State Funding	(b) Calculated State Funding	(c)-(b-a)*% Phase-In Funding ¹	IF (b) < (a+c), d=b, else d=a+c State Funding
State Support				
A. Base Cost	\$313,431.40	\$244,695.89	\$-68,735.51	\$244,695.89
B. Special Education	\$226,381.91	\$120,269.24	\$-106,112.67	\$120,269.24
C. Disadvantaged Pupil Impact Aid (DPIA)	\$43,679.91	\$64,405.29	\$20,725.38	\$64,405.29
D. English Learners	\$88,336.00	\$1,199.86	\$-87,136.14	\$1,199.86
E. Career Technical Education	\$0.00	\$0.00	\$0.00	\$0.00
F. Core Foundation Funding (A + B + C + D + E)	\$584,355.58	\$430,529.78	\$-153,825.80	\$430,529.78
G. Transportation				\$0.00
H. Formula Transition Supplement				\$0.00
I. Facilities				\$16,489.63
J. Total State Support (F + G + H + I)				\$447,019.41

Ohio Department of Education

Formula Transition Supplement

- Calculated on a per-pupil basis (new)
- FY21 funding components used to calculate the per-pupil amount:
 - Opportunity Grant (before the executive ordered reductions), Economically Disadvantaged, English Learners, Special Education, K-3 Literacy, Career-Tech, Transportation, Graduation Bonus, 3rd Grade Reading Bonus, and Student Wellness and Success
- Schools opened in FY22 and FY23 are not eligible

Ohio Department of Education 15

Other Adjustments

- **NEW** - Other Adjustments (Line L) on the SFPR
 - Career-Tech Associated Services – use **USAS 476**
 - Catastrophic Cost Reimbursement – use **USAS 3110**
 - 10% of Special Education funds are to be withheld for catastrophic cost reimbursement claims

Transportation

- Transportation
 - Schools report riders on T-1 report annually
 - Funding is based on current year riders times statewide transportation per-pupil (\$1,057.88)
 - [T Report Instructions](#)

Payment Reports

- Funding has been calculated based on the new funding formula starting with January 2022
- Payment Reports are available [here](#)
 - Base Cost
 - Career Technical Education Restricted Funding (new in FY23)
 - Detailed SFPR
 - Other Adjustments
 - Payment Comparison
 - Statement of Settlement
 - Summary SFPR

School Funding Resources

- [Payment Schedule](#)
- [Payment Data Calendar](#)
- [Monthly Payment Letters](#)
- [Payment Report Data in Excel format](#)
- [Guarantee Per-Pupil amounts](#)




DPIA and Base Cost – Student Wellness and Success Annual Report is due 9/9/2022

The reporting tool is available in the Data Collection application within the [OHID portal](#).


Individuals identified as forms data users, superintendents, superintendent designees, and/or treasurers for the school and/or district in the Ohio Educational Directory System (OEDS) can complete the survey. **Only superintendents or superintendent designees** in Ohio Educational Directory System (OEDS) can submit the survey for completion. The survey closes Friday Sept. 9.

A guidance document titled [Guidance for Completion of the FY22 DPIA and SWSF Data Collection Tool](#) can be found on the Departments [Supporting Student Wellness](#) website under the Resources section.

 20

School Funding – FY23

- Detailed SFPR/Base Cost
 - Weights Remain Constant
 - Update to FY23 (Current Year) Enrolled ADM for Base Cost and Categorical Funding
- Guarantee Per-Pupil Remains Constant
- Phase-In - 33.33%












@OHEducation

Questions?

Ohio Department of Education 22




@OHEducation

Elena Sanders – Financial Manager, Office of Budget and School Funding
 Phone: (614) 752-1561
 Email: elena.sanders@education.ohio.gov

James Lansden – Community School Payment Administrator
 Phone: (614) 387-0415
 Email: james.lansden@education.ohio.gov

Ohio Department of Education 23

Share your learning community with us!

#MyOhioClassroom




Celebrate educators!

#OhioLovesTeachers

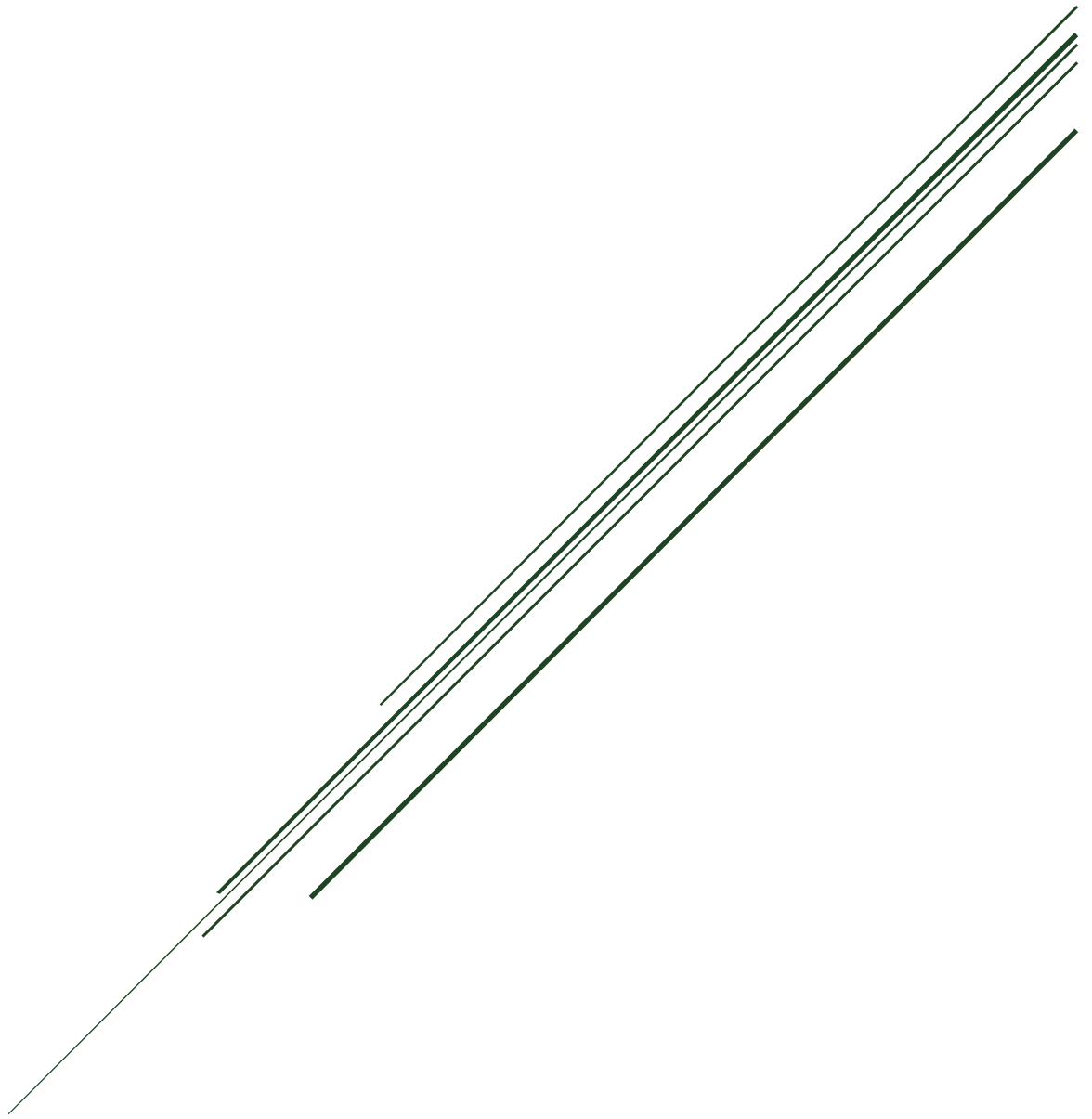
Ohio Department of Education 24

OHIO AUDITOR OF STATE
KEITH FABER



GRANTS MANAGEMENT

Slides



OHIO AUDITOR OF STATE
KEITH FABER

**Grants Management &
Audit Compliance in Single Audits**

2022 Community School Training

Presented by: Kelly Berger-Davis, Quality Assurance &
Technical Specialist

Efficient • Effective • Transparent

Agenda

How Do Auditors Determine What to Test in a Single Audit?

Focus Areas For Audit

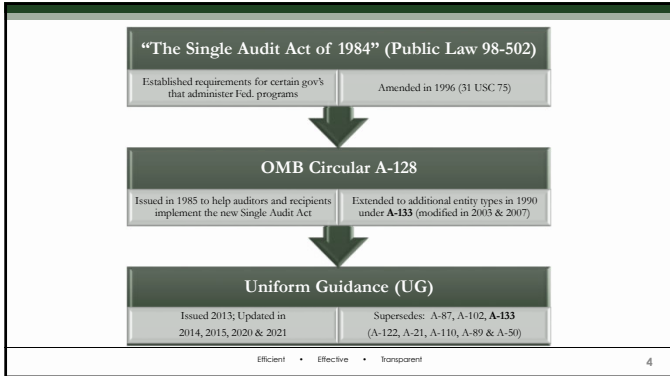
Efficient • Effective • Transparent

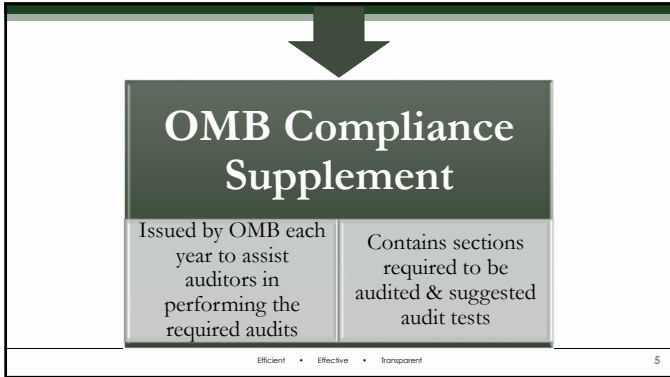
2

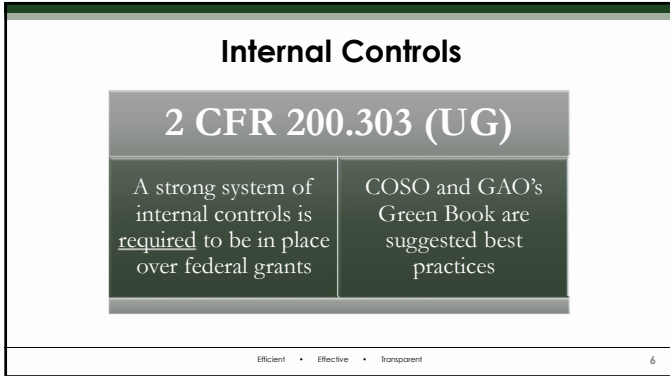
How Do Auditors Determine What to Test in a Single Audit?

Efficient • Effective • Transparent

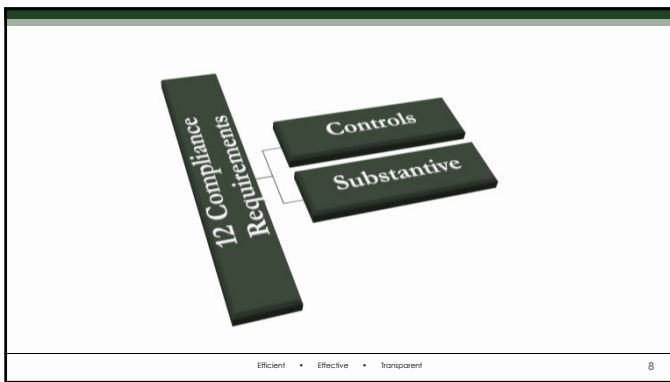
3

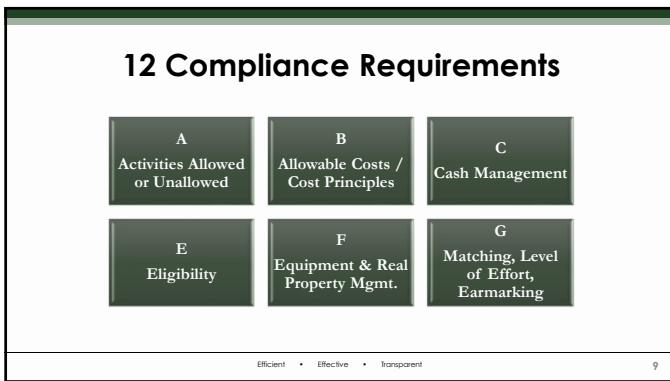












12 Compliance Requirements

H
Period of Performance

I
Procurement, Suspension & Debarment

J
Program Income

L
Reporting

M
Subrecipient Monitoring

N
Special Tests & Provisions

Efficient • Effective • Transparent

10

Auditors Only Test Sections Direct & Material to the Program & Entity

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
ACTIVITIES ALLOWED OR UNALLOWED Allowable Cost/ Cost Allocation Categories Management Eligibility Equipment Real Property Management Matching and Cost Sharing Period of Performance Suspension & Debarment												
Program Number 10.665-10.666 (Forest Service Schools and Roads Cluster)	Y	Y	Y	N	N	Y	Y	N	N	Y	N	Y
10.760 10.760-10.780 (Community Facilities Loans and Grants Cluster)	Y	Y	N	N	N	N	Y	N	N	Y	N	Y
11.300-11.307 (Economic Development Cluster)	Y	Y	N	N	N	Y	N	N	Y	Y	Y	Y

Efficient • Effective • Transparent

11

Section A Activities Allowed or Unallowed

What Does It Mean

- Was the grant spent only on items allowable per the grant agreement, regulations, guidelines?

Efficient • Effective • Transparent

12

Section A
Activities Allowed or Unallowed

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- If a Teacher/dept. requested a check for a cost unallowable under the grant agreement, reg's or guidelines, what control would ensure the pmt. was denied

- Ex. auditor test: Select transactions and determine if allowable

Efficient • Effective • Transparent

13

Section B
Allowable Costs / Cost Principles

V

What Does
It Mean

- Was the grant spent only on items allowable per the Cost Principles (2 CFR 200 Subpart E)?

Efficient • Effective • Transparent

14

Section B
Allowable Costs / Cost Principles

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- If a Teacher/dept. requested a check for a cost unallowable under the Cost Principles, what control would ensure the pmt. was denied

- Ex. auditor tests:
 - Select transactions and determine if allowable under the Cost Principles
 - Also includes testing of Indirect Cost Plans and Cost Allocation Plans

Efficient • Effective • Transparent

15

Section C Cash Management

What Does It Mean

- When advance-funded** - Procedures in place to minimize the time elapsed between the draw-down of the federal funds, and the subsequent disbursement of those funds.
- When reimbursement basis** – Procedures in place to ensure reimb's are requested only for allowable exp's already incurred.

Efficient • Effective • Transparent 16

Section C Cash Management

Controls

- Identify the key control(s) to your auditors for testing
- Ex. Advanced Funded** – what procedure assures funds are spent in time
- Ex. Reimbursement Basis** – what procedure assures funds are spent before reimbursement is requested

Substantive

- Ex. auditor tests:
- Select cash draws and determine if complied
- Test interest earned on advanced funds for compliance

Efficient • Effective • Transparent 17

Section E Eligibility

What Does It Mean

- Did only eligible individuals receive benefits?
- Each federal program has unique criteria for determining the individuals, groups of individuals, or subrecipients that can participate in the program, and the amount of assistance for which they qualify.

Efficient • Effective • Transparent 18

Section E Eligibility

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. If an ineligible individual requested benefits, what would ensure they did not receive such benefits?

- Ex. auditor tests:
 - Select individuals receiving benefits and determine if they should have.
 - If eligibility guidelines are built into a computer system and determinations are made by the system, auditors perform tests over system.

Efficient • Effective • Transparent 19

Section F Equipment & Real Property Mgmt.

What Does
It Mean

- Recipients of federal funds must comply with certain requirements regarding the use, maintenance, and disposal of equipment & real property (e.g. buildings & land) purchased with federal money.

Efficient • Effective • Transparent 20

Section F Equipment & Real Property Mgmt.

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. If equipment or land is purchased with federal dollars, how would the appropriate personnel be made aware and then 'follow the rules' for use/maintenance/disposal (sold or transferred to another department)?

- Ex. auditor tests:
 - Select equipment / land transactions purchased with the grant funds and inspect (verify it exists).
 - Verify required physical inventory was performed every 2 years
 - Test if federal assets were properly disposed of and proceeds remitted to Federal agency (if applicable)

Efficient • Effective • Transparent 21

Section G
Matching, Level of Effort, Earmarking

What Does It Mean

- Matching** – Includes requirements to provide (cash or in-kind) contributions (usually nonfederal) of a specified \$ amt. or % to match federal awards.

Efficient • Effective • Transparent 22

Section G
Matching, Level of Effort, Earmarking

What Does It Mean

- Level of Effort** – Includes requirements for:
 - A specified level of service to be provided from period to period
 - A specified level of exp's from nonfederal or federal sources for specified activities to be maintained from period to period
 - Federal funds to supplement (use in addition to) and not supplant (use in stead of) nonfederal funding of services

Efficient • Effective • Transparent 23

Section G
Matching, Level of Effort, Earmarking

What Does It Mean

- Earmarking** – Includes requirements that specify the min. and/or max. \$ amt. or % of the programs funding that must/may be used for specified activities, including funds provided to subrecipients

Efficient • Effective • Transparent 24

Section G Matching

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. If matching applies, how does the entity ensure it is met?

- Ex. auditor test:
 - Test matching calculation and sources of matching contribution.

Efficient • Effective • Transparent 25

Section G Level of Effort

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. If LOE applies, how does the entity ensure it is met? If there was a required service or expenditure level, how does the entity ensure it was maintained?

- Ex. auditor tests:
 - Maintenance of Effort - Test computation and obtain support
 - Supplement Not Supplant - Test if total level of services applicable to the requirement increased in proportion to the level of Federal contribution

Efficient • Effective • Transparent 26

Section G Earmarking

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Generally are very similar to those for matching & LOE

- Ex. auditor test:
 - Select transactions and test the \$ amount or %

Efficient • Effective • Transparent 27

Section H Period of Performance

What Does
It Mean

- Federal awards may specify a time period during which the funds may be used
- Where a funding period is specified, costs may only be charged to the award resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal Awarding Agency.

Efficient • Effective • Transparent 28

Section H Period of Performance

Controls

- Identify the key control(s) to your auditors for testing
- Ex. What prevents federal funds from being obligated after the period of performance ends, or paying obligated funds after the required time period?

Substantive

•Ex. auditor tests:

- Test transactions charged to the grant during & after the Period of Performance to ensure the obligation occurred within the Period of Performance
- Also test that the payment was made within the allowed time period

Efficient • Effective • Transparent 29

Section I Procurement, Suspension & Debarment

What Does
It Mean

- Procurement** – Entities must establish procurement procedures covering the solicitation and award of contracts & subcontracts for goods & services.
- Suspension & Debarment** – Entities must establish procedures to ensure goods and services are not purchased from suspended or debarred parties.

Efficient • Effective • Transparent 30

Section I Procurement

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. What prevents procurement transactions from bid-splitting, or being otherwise procured without competitive bidding, etc?

- Ex. auditor tests:
 - Test procurement policy
 - Select procurements & test against policy

Efficient • Effective • Transparent 31

Section I Suspension & Debarment

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. What prevents covered transactions from being made with entities that are suspended or debarred?

- Ex. auditor tests:
 - Test procurements to determine whether the entity's policy was followed regarding suspended/debarred parties, before entering into the covered transaction.

Efficient • Effective • Transparent 32

Section J Program Income

What Does
It Mean

- Gross income earned that is directly generated by a supported activity or earned as a result of the grant during the period of performance
- Examples include: income from fees for services performed, the use or rental of real or personal property acquired under a federal award, principal & interest on loans made with Federal awards
- The following are NOT program income: rebates, credits, discounts, or interest earned on advances of federal funds.

Efficient • Effective • Transparent 33

Section J Program Income

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. What assures program income is complete, and spent for allowable purposes?

- Ex. auditor test:
 - Test if program income was properly recorded and used in accordance with guidelines.

Efficient • Effective • Transparent 34

Section L Reporting

What Does
It Mean

- Various financial, performance & special reports are required by federal awards

Efficient • Effective • Transparent 35

Section L Reporting

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. What ensures all required reports for federal awards were accurate, complete, supported by applicable records, and were submitted timely?

- Ex. auditor tests:
 - Test calculations on selected reports & tie back to underlying records.

Efficient • Effective • Transparent 36

**Section M
Subrecipient Monitoring**

**What Does
It Mean**

- Grants that are passed through to subrecipients are properly monitored.

Efficient • Effective • Transparent 37

**Section M
Subrecipient Monitoring**

Controls

- Identify the key control(s) to your auditors for testing
- Ex. What ensures the pass-through entity properly monitors their subrecipients?

Substantive

• Ex. auditor tests:

- Test if required info was contained in pass-through subaward documents
- Was monitoring sufficient, considering entity's risk
- Were single audits performed on subrecipients, if required
- Was corrective action timely taken on deficiencies noted in audit

Efficient • Effective • Transparent 38

**Section N
Special Tests & Provisions**

**What Does
It Mean**

- Requirements that are unique to a Federal program
- Are considered additional direct & material requirements that need tested
- Can have multiple Section N's

Efficient • Effective • Transparent 39

Section N Special Tests & Provisions

Controls

Substantive

- Identify the key control(s) to your auditors for testing
- Ex. auditor tests: Test applicable steps as listed in the OMB Compliance Supplement

Efficient • Effective • Transparent 40

Section N Special Tests & Provisions - Examples

Nutrition Cluster

Title I

- Verification of Free & Reduced Price Applications
- School Food Service Accounts
- Paid Lunch Equity
- Participation of Private School Children
- Annual Report Card, High School Graduation Rate
- Assessment System Security

Efficient • Effective • Transparent 41

Need More (FREE) Training?

OHIO AUDITOR OF STATE
KEITH FABER

AUDITS ▾
LOCAL GOVERNMENT ▾
OPEN GOVERNMENT ▾
TRAINING ▾
RESOURCES ▾
CONTACT US ▾
NEWSROOM ▾


<https://ohioauditor.gov/trainings/default.html>

Conferences & Webinars

- Local Government
- Local Officials
- Public Records
- Community Schools
- County Treasurers
- IFA Conferences
- Retail Office
- Fire District Fiscal Officers
- Cybersecurity
- Other Trainings
- Training Archives

Efficient • Effective • Transparent 42

COVID Resources


➔

Side Menu

- COVID-19 Resources
- [Fiscal Tracking](#)
- [For Clients](#)
- FAQs
- Contacts

https://ohioauditor.gov/resources/COVID19_assistance.html

Efficient • Effective • Transparent 43



Kelly Berger-Davis
Kmberger-davis@ohioauditor.gov
 Quality Assurance & Technical Specialist
 Center for Audit Excellence
 State of Ohio Auditor's Office



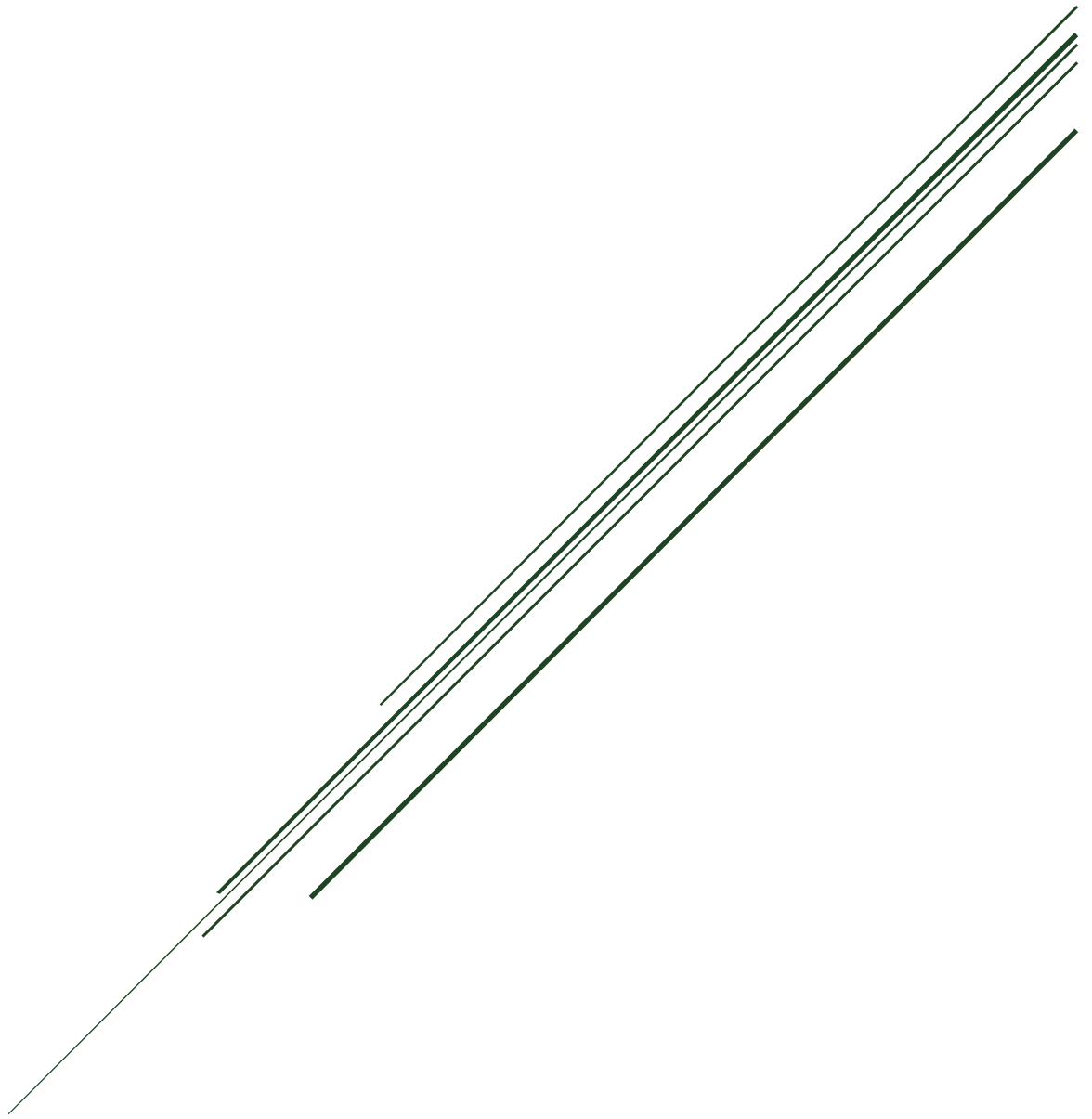
Efficient • Effective • Transparent 44

OHIO AUDITOR OF STATE
KEITH FABER



ESSER UPDATE

Notes

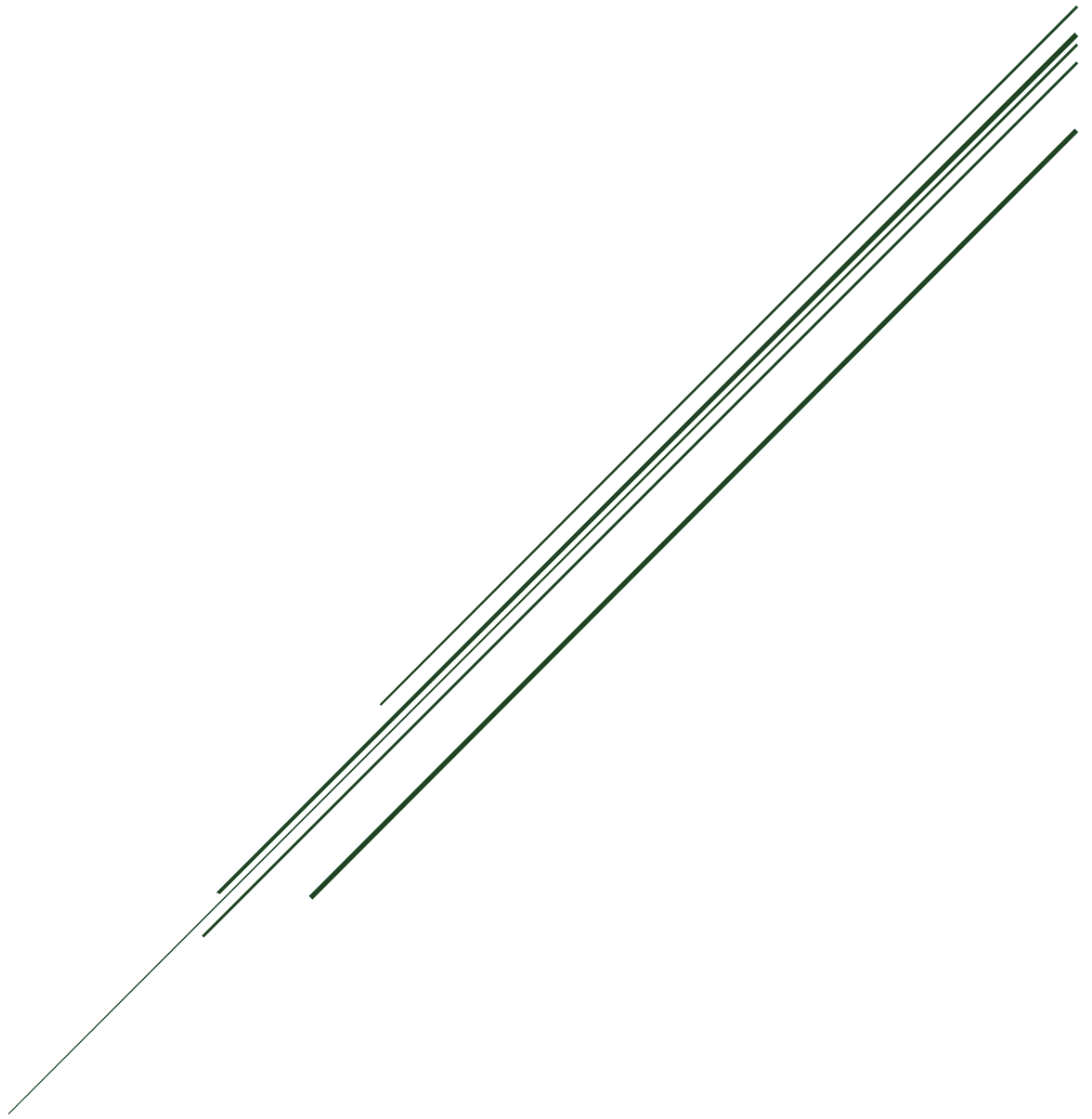


OHIO AUDITOR OF STATE
KEITH FABER



COMMUNITY SCHOOL SPONSOR UPDATE

Slides





Community Schools


Ohio Department of Education
Sponsor Update

Office of Community Schools - September 7, 2022



Agenda

- Office of Community Schools
- Quality Community School Support Fund
- Five-Year Forecast
- Significant Expansion
- Federal Funds
- Miscellaneous Topics
- Questions



Office of Community Schools

Department of Education Reorganization

- Educational Options and Policy
 - Office of Community Schools
 - Office of School Sponsorship
 - Office of Nonpublic Options



Quality Community School Support Fund

- Criteria I – Performance: PI and valued-added
- Criteria II – Replication: high-performing models
- Criteria III – Out of state operators
- HB 583 – Schools first eligible in 2019-20 continue eligibility for 2022-23



Five-Year Financial Forecast

- No expected changes to forecast template for 2022-23
- New draft administrative rule OAC 3301- 92-06
 - 45/45/45-day timeline
 - Failure to submit a plan is referred to school's sponsor
 - Posted for public comment this month



Significant Expansion

Pursuant to federal statute and regulation (34 CFR § 76.785), the Ohio Department of Education must ensure community schools that open for the first time or significantly expand their enrollment receive the federal formula funds to which they are entitled.

Applications for significant expansion must be submitted via Epicenter no later than September 22, 2022



Federal Funds

- Governing authorities must have oversight and control of federal funds
- Recommend review of federal funds' expenditures be part of treasurer reports to governing authority
 - Additional assurances and survey compliance questions



Miscellaneous Topics

- Contract Amendments – submit requests by September 15
- OEDS
- Licensure
 - special education
 - federal funds



Questions?



Office of Community Schools



25 S. Front Street, Mail Stop 307
Columbus, Ohio 43215



(614) 466-7058
(877) 644-6338 (toll-free)



Send questions to:
community.school@education.ohio.gov