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From: Auditor of State's Center for Audit Excellence
To: All IPA Firms
Subject: OCS 2016 - Updates for Community Schools
Date: August 17, 2016

House Bill 2, *Community School Sponsorship and Management*, from the 131st General Assembly was effective February 1, 2016 and incorporated into the 2016 Ohio Compliance Supplement <https://ohioauditor.gov/references/compliancemanuals.html>.

The Auditor of State will not require implementation or audit testing of HB 2 requirements until the 2016 / 2017 school year. However, community schools must implement HB 2 requirements as specified by their sponsors and the Ohio Department of Education. If a community school implements certain HB2 requirements in the 2015/2016 school year, auditors should audit according to the new requirements.

The 2016 Ohio Compliance Supplement will be updated soon to reflect this guidance.

In addition, HB 2 requires internet- or computer-based community schools to keep accurate records of each student's participation in daily learning opportunities. Refer to OCS Section 1-26, Community School Funding. While HB 2 codified this requirement, schools have always been required to keep supporting documentation for enrollment and attendance of students. AOS substantially re-wrote step 1-26, however, for clarity due to the HB 2 change, a number of issues identified in the AOS Community School Student Attendance reports, and changes made by ODE to its FTE Review Handbook. Auditors should test the procedures in step 1-26 for their 2015 / 2016 school year audits as these requirements have always applied to community schools.

Furthermore, ODE is in the process of making a number of changes to the attendance and enrollment requirements for E-Schools and Blended Learning Schools, in particular. ODE's existing guidance in these areas is unclear and uncertain at this time. Because these requirements may be difficult to test, please consult with the Center for Audit Excellence if you have questions about how to interpret or apply the requirements to your individual audit engagements.

Please submit any questions to Celena Yoxtheimer at CYoxtheimer@ohioauditor.gov.