

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence
To: All IPA Firms
Subject: OCS 1-27 - 'Modified' ODE FTE Review - FY 2019 Guidance
Date: July 9, 2019

Ohio Compliance Supplement (OCS) Section 1-27 states in part:

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

8. If ODE has conducted a FTE review for the fiscal year:

- a. Obtain a copy of the written report and review the results of procedures performed (see footnote 103).
- b. 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.

Footnote 103 - Auditors should determine if a sample size of at least 25 students was tested, unless for certain situations there were less than 25 students, such as in a drop out recovery program. If the size was less than 25 and there was not a valid reason evident for the reduction, the CFAE Community School Specialist should be contacted to see if the review can be relied upon or if step 9 will need to be performed. **Be aware that some FTE letters indicate a 'modified' review/sample was performed. The type of modified review could potentially change from year to year, so guidance will be sent out on an annual basis regarding whether such modified reviews can be relied on for step 9. If the schools letter states such, and guidance has not yet been sent out from CFAE for the current year, consult with the CFAE Community School Specialist to determine if ODE's modified review can be relied on for step 9 (unless evaluation of risk would require increasing beyond these numbers anyway).**

If the schools letter states a 'modified' review was performed, ODE confirmed this means:

- The school had a full FTE review in the prior year and issues were noted in time claimed for funding. Or, the school had a full FTE review in FY 2017, and a modified review in FY 2018, where issues were noted in time claimed for funding.
- ODE performed a review over FY 2019 for documentation of time claimed for funding on a normal sample; and 5 students from the normal sample were tested for all other items – this is consistent with the number of students auditors test. Therefore, if the FTE letter indicates a ‘modified’ sample was used, ODE’s review can be relied on for 1-27A step 9 / 1-27B step 8 / 1-27C step 9, unless there was increased risk.
 - Note – For Townsend, ODE also tested withdrawal records, but ODE confirmed they did not test 100% of withdrawn students.

As with all community school related memos, this will be posted to our community school internet page at <https://ohioauditor.gov/references/guidance/communityschools.html>.

Questions can be directed to communityschoolquestions@ohioauditor.gov.