



Dave Yost • Auditor of State

Bulletin 2012-002

Auditor of State Bulletin

Date Issued: January 12, 2012

TO: Community Schools and Independent Public Accountants

FROM: Dave Yost
Ohio Auditor of State

SUBJECT: Rev. Code 3314.023 – Sponsor Monitoring of Community Schools;
Rev Code 3314.02(E)(3) – Governing Authority Membership;
Rev. Code 3314.02(E)(4) – Compensation of Governing Authority Members

This bulletin explains modifications to Ohio Rev. Code Sections 3314.023; 3314.02(E)(3); and 3314.02(E)(4) that were effective September 29, 2011. The Auditor of State will review documentation for the period beginning January 1, 2012 for compliance.

Sponsor Monitoring of Community Schools

HB 153 modified the requirements of Ohio Rev. Code § 3314.023 for monitoring and technical assistance for a sponsor (or a representative) of a community school to meet with the community schools governing authority:

The bill requires:

- Meetings to occur *monthly* rather than every 2 months.
- Meetings are permitted to be with the school's *treasurer or* the governing authority, rather than only the governing authority.
- The sponsor to examine the school's *enrollment records* in addition to its financial records.

This information will be placed in the next revision to the Ohio Compliance Supplement (OCS). The following page with Community School Links is now available on the Auditor's website: <https://ohioauditor.gov/references/guidance/communityschools.html>

Also, the Ohio Department of Education has issued a Community Schools Guidance Letter 2011-1, effective date of July 2011. This letter is titled “*Sponsor Biannual Onsite Visit and Monthly Financial Review Frequently Asked Questions*”.

Guidance on “Best Practices” for sponsor compliance with Ohio Rev. Code § 3314.023 is as follows:

- Develop, distribute and maintain “monthly package” including:
 - Financial Information
 - A trend analysis of monthly revenues, expenditures and cash balances
 - Federal funding and/or grant information including a trend analysis of monies available, pending or reimbursed
 - Enrollment Records
 - Student Full Time Equivalent (FTE) comparisons including month reviewed and number of student FTEs
 - Technical Assistance
 - Provide agendas of training sessions offered
 - Develop a monthly newsletter and distribute
- Other Practices:
 - Maintain email correspondence of reviews or additional assistance given to schools
 - Resolving audit issues
 - Financial distress and any sponsor involvement in plans developed to alleviate distress
 - Independent review of monthly bank reconciliations
 - Attend monthly board meetings
 - Minutes of the school should indicate sponsors participation and attendance at the board meeting (i.e.: reviewing financial reports presented to the board, presentations given by sponsor to board, discussions of additional items)
 - Utilize Sponsor Monthly Financial Review Template (provided by ODE)
 - Utilize Sponsor Biannual Onsite visit Form (provided by ODE)

Governing Authority Membership

The act expands Ohio Rev. Code Section 3314.02 (E)(3) and prohibits a community school governing authority member, former member or their immediate relatives, from being an owner, employee, or consultant of a community school *sponsor or operator* until one year after the conclusion of the person’s membership.

Compensation of Governing Authority Members

The act repeals former Ohio Rev. Code Section 3314.025 and now, under Ohio Revised Code Section 3314.02 (E)(4), "start-up school" governing authorities are authorized to provide by resolution for compensation of their members, provided that an individual is compensated no more than \$425 per meeting and not more than a total of \$5,000 per year for all of the governing authorities on which the individual serves.

Questions concerning this bulletin should be addressed to the Accounting & Auditing Support or Legal divisions of the State Auditor's Office at (800) 282-0370.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Ohio Auditor of State