Auditors should read the e-mail below for guidance.

Double click on the imbedded attachments:
1) The .XLSX file is the confirmation from ODE that includes all four quarters for FY2010.
2)The .docx file is a sample finding for noncompliance with ODE 1512 vendor payments, if needed.

**From:** Marnie A. Carlisle
**To:** Audit Employees;
**Subject:** ODE 1512 Vendor Reporting Requirements
**Date:** Wednesday, October 20, 2010 2:58:52 PM
**Attachments:** Vendors List for AOS_JJ.XLSX
School 1512.Comment.ODE.vendor.not.reported.docx

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We have been receiving a number of questions related to ARRA 1512 vendor reporting requirements for school districts. ODE has developed their own American Recovery and Reinvestment Act (ARRA) Reporting Guidance for first-tier subrecipients based on the guidance included in Title 1512 of the Recovery Act and OMB Memo 09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*. The ODE guidance is available at: (http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=520, under:

**Data and Reporting Guidance**

- Ohio Department of Education Guidance
  - Quarterly 1512 Reporting Guidance (updated 9/1/10)

Section 2.3 in the ODE Quarterly 1512 Reporting Guidance discusses vendor reporting requirements. First-tier subrecipients are required to report each vendor that received a *single payment*, *from a single ARRA grant*, in excess of $25,000. If the vendor received multiple payments less than $25,000 each, the school district is not required to report the vendor payments to ODE. *Vendor information is reported cumulatively* –

*thus, a purchase in a previous quarter is entered each reporting period and any purchase from a prior quarter is captured in the current quarter.* Meaning, school districts must continue reporting applicable vendor payments in the quarter the payment was made and in subsequent quarters thereafter for the life of the ARRA award.

While the 9/1/10 ODE guidance describes these requirements in more detail, the original ODE guidance (prior to the last revision on 9/1/10) was unclear about the subsequent reporting of vendor payments.

The ODE 1512 vendor confirmation included on our Intranet was as of the fourth quarter of FY 2010 (i.e., 4/1/10 to 6/30/10). Following ODE's revised guidance, the fourth quarter report should have included all vendor payments for the entire fiscal year. However, many school districts did not continue to report vendor payments in subsequent quarters due to confusion about the original ODE reporting requirements. Attached is a *new spreadsheet* prepared by ODE that includes the vendor payments reported by all schools during *each of the four quarters* of FY 2010.

If you were not able to find a vendor payment on our 6/30/10 Intranet ODE 1512 vendor confirmation, review the attached spreadsheet and determine whether the school reported in a single quarter only. If so, notify the school district of the clarification in the revised ODE 1512 vendor reporting requirements. However, auditors should reasonably conclude no noncompliance or control deficiency

exists in this example because school district used due care in trying to apply the original (unclear) ODE 1512 vendor reporting requirements.

Conversely, if a school district failed to report a vendor payment(s) altogether or filed late, this would lead the auditor to conclude noncompliance and a deficiency exists in the control environment or other control components. ODE is withholding all ARRA funds for noncompliant entities and until they submit a satisfactory corrective action plan. Therefore, auditors should also consider the qualitative materiality when evaluating noncompliance with ODE 1512 reporting requirements. Attached is a sample finding for noncompliance with ODE 1512 vendor payments, if needed. Auditors should tailor this sample finding according to the facts and circumstances of their individual audits.

Please feel free to contact me if you have any questions regarding these requirements. Thanks!

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