The information in this slide show may be subject to change.

Additional COVID guidance is being provided by Federal and State Agencies every day as an attempt to clarify requirements and provide implementation guidance to prime recipients and sub-recipients.

**ATTENTION!!!**

**Agenda**

- Planning challenges/considerations
- Risk Assessment
- School Programs
- Reporting
Funding is coming out quicker than guidance

- Entities could have eligible expenditures prior to receiving funding
- PDE expenditures could be reimbursed in FY21

Going to be crucial to have conversations with clients early on

Schools need to make critical decisions

Could be receiving new funding, additional funding to existing programs, and programs with waivers/flexibilities

Planning Considerations

Entities that have not previously been single audited may have an increase in expenditures. Necessitating a single audit

Be alert to new funding streams

- Could be receiving subawards from various entities (i.e. a City may pass funds through to a school)
- Several new grant programs
- Critical to make sure you have a complete SFIA
- Required to separate COVID funding on the SFIA

Entities could also be serving as a pass-through (i.e. creating subawards with other entities/NFPs/etc.) and need to be aware of the associated requirements—2 CFR 200.311

Planning Considerations

Schools have three new large COVID-19 programs: ESSER (507), GEER (508), and Coronavirus Relief Fund (310)

All three programs allow schools to reimburse expenditures since the beginning of the pandemic, except districts under a single program. Federal programs allow these decisions to be made at any time, although ODE may shorten the window due to CARES Act quarterly reporting requirements.

- Schools need to finalize decisions to draw down federal funds from these programs to reimburse expenditures incurred in FY20
- ODE reporting is based upon when expenditures are incurred
- Final decisions will impact FY20 Single Audit status and major program determinations

Important to include the topic of funding and expenditures during your entrance conference
Determining what new programs a client has received is critical:

- Could change the A/B major program threshold
- New COVID-19 programs will NOT have been audited before = potential High Risk A
- Existing Type A programs could become higher risk if there is a material change in personnel or systems
- New COVID programs could also be Type B programs
- Need to evaluate the newness of the programs along with other factors
- There is currently NO requirement to select B programs with COVID-19 funding as major; however, OMB CS guidance is not final yet

Risk Assessment:

- First part will be what we are used to seeing and is expected to be out in August
- Then there will be a COVID-specific addendum that comes out in the Fall

Audit Challenges:

- Strong possibility that controls will have changed due to stay-at-home orders, telework, etc.
- For example, building closures during last quarter of school year

Client documentation is going to be key:

- How did their processes change? What time periods?
- Auditors will need to evaluate that documentation
- Can you still rely on/test controls?
- Did the key control change?
- Adjust attributes in testing for certain periods of time
Audit Challenges

On March 12, 2020, Governor Mike DeWine made an unprecedented announcement ordering all of Ohio’s public, community, and private K-12 school buildings to be closed to students due to the ongoing coronavirus health crisis.

ODE created FAQs to help school and district leaders think through important local-level decisions:
http://education.ohio.gov/Topics/Student-Supports/Coronavirus/Frequently-Asked-Questions-Governor-DeWine’s-Scho

Auditors should refer to this guidance as they evaluate district decisions about various topics related to these closures.

ADM/FTE Testing

- Auditors are NOT expected to test attendance for the last quarter of the year when buildings were closed
- Exception would be any e-schools
- Additional information can be found at http://education.ohio.gov/Topics/Student-Supports/Coronavirus/Additional-Information-on-Instructional-Hours-and

Separate Accountability

New Funds must be created for new COVID-19 programs.

AOS and ODE have created new USAS Funds for the larger new programs passing through ODE. Schools should use Fund 599 for any other new COVID-19 Funds.

COVID-19 funding in an existing federal program must be traced separately (e.g., ESSA).

New AOS guidance at:
Traditional School Programs

USDE Governor's Emergency Education Relief Fund (GEER)—84.425C (Fund 507)

USDE Elementary and Secondary School Emergency Relief Fund (ESSER)—84.425D (Fund 509)

USDE Higher Education Emergency Relief Fund (HEERF)—84.425E & F (Fund 599)

Treasury Coronavirus Relief Fund—21.019 (Fund 510)

Nutrition Cluster

There are many different waivers/options that were granted—schools could be utilizing the standard reimbursement process, Seamless Summer Option, or the Summer Food Service Programs.

To help maintain meal services on March 12, 2020, the U.S. Department of Agriculture granted Ohio a waiver enabling Summer Food Service Program and National School Lunch Program Seamless Summer Option sponsors "to provide meals during an unanticipated school closure due to the novel coronavirus at both school and non-school sites and in a non-congregate setting." This waiver allows for the distribution of meals while maintaining social distancing.

http://food.usda.gov/snake/Ohio

ODE FAQ for community schools is available at:
http://education.ohio.gov/Topics/Student-Supports/Coronavirus/Considerations-for-Community-Schools-and-Spons-1
Educational Service Centers

ESCs are not directly receiving COVID-19 federal funding (except for possible one-off situations)

They will not receive the ESSER, GEER, or CRF federal assistance that traditional and community schools are receiving

However, it is possible that schools may find allowable uses to pay for certain ESC costs utilizing these programs

The ESC Association expressed concern to AOS in April about schools not paying ESC contracts because of budget shortfalls

AOS included the following in our FAQs:

Can school districts terminate contracts with Educational Service Centers (ESCs) during the pandemic due to the building closures and inability for the ESC to provide the contracted services?

Presently the law provides that city, exempted village and local school districts with an average daily enrollment of 16,000 or less must enter into an agreement with an ESC under ORC Section 3313.843. In addition to service contracts under ORC Section 3313.843, city, exempted village, local and joint vocational school districts may set up contracts with ESCs for various services based on agreed upon fees beyond those covered by ORC Section 3313.843 contracts. ESC contracts cannot be broken, unless it is within the parameters provided by Ohio law. Because the pandemic declaration is outside the window to cancel an ESC contract, federal funds could be used to subsidize the cost of the contracts so long as it is an allowable expense of the funds. The language in certain Federal COVID programs may make use of the COVID funds allowable for subsidizing the cost of these contracts.

ODE has encouraged a healthy and safe home environment for students and Information Technology Centers to find ways to enhance or maintain training, as well as distance learning activities.

ODE is also encouraging, as feasible, where ESCs help to provide specialized services and a child's home is identified as the safest environment to deliver child's educational services that are to the extent practicable, as those services are based on the child's IEP.

AOS is prepared and ready to assist clients in navigating this changing environment. We will be flexible when it comes to our duty to audit and will take into account the guidance that existed at the time schools and ESCs made critical decisions about services and operations. We are asking everyone to do their part to help our audit teams by documenting and receiving clear legislative authority for all expenditures.
What is the allowability of salaries and other project activities charged to Federal Awards during the Pandemic?

- Refer to your Federal Awarding or State Pass-Through Agency for guidance. As of March 19, 2020, OMB issued Memo 20-17 indicating Federal awarding agencies are authorized to take the following actions, as they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients whose actions were affected by the COVID-19 (both recipients with COVID-19 related grants and other types of Federal grants).

- Federal Awarding agencies may allow recipients to continue to charge salaries and other costs to currently active Federal awards consistent with the recipients' policy of paying salaries under unexpected or extraordinary circumstances. Federal Awarding agencies may also charge other costs to currently active Federal awards to resume activities supported by the award, consistent with applicable Federal cost allocation principles and the benefit to the project.

- On June 18, 2020, OMB issued Memo 20-26 which rescinded Memo 20-17. Federal Awarding agencies may continue to charge salaries and other costs to currently active Federal awards, but the actions must be charged to the Federal program that supported the costs. Federal Awarding agencies must inform recipients of the need to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs and document those efforts. The flexibility provided by OMB's Memo 20-26 will expire on September 30, 2020.

Frequently Asked Questions

- Will the federal funding to be distributed by the Ohio Department of Education (ODE) to Kindergarten to 12th grade need to be accounted for in a special revenue fund?

- Yes, if you receive COVID-19 related funding through other Federal programs under the CARES Act or other Families First Coronavirus Relief Funding Act, these amounts can be accounted for through a separate special cost center of an existing Federal Fund (if the COVID-19 funding is related to a pre-existing program) or through a separate special cost center in fund 599 (if the COVID-19 funding is related to a new Federal program). While these COVID-19 funds must be separately accounted for, schools do not need to seek Auditor of State approval to establish the new funds/SCCs.

Resources

- Ohio Department of Education COVID Page -- http://education.ohio.gov/Topics/Student-Supports/Coronavirus
- AICPA Government Audit Quality Center-- https://www.aicpa.org/interestareas/governmentauditzequality.html