

# Appendix A: General Audit Information

## Performance Audit Overview

These procedures were designed to satisfy the requirements of SB3 of the 131<sup>st</sup> General Assembly which required our office to conduct a comprehensive operational study of all ESCs in the state and the procedures were designed to satisfy audit requirements of ORC § 117.11, as an audit in the public interest. Our performance audit manual requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our engagement was not designed as a basis to opine on the financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

## Methodology

Audit work was conducted from May 2018 to February 2020. OPT worked with the ESCs and ODE to obtain data and conduct interviews to establish current operating conditions. Initial site visits with each ESC was conducted between May and October 2018. Follow up site visits were conducted with ESCs identified as outliers from October through December 2019. Meetings were held with ODE in fall 2019 to obtain further information from the Department. Data related to the ESC network was collected and analyzed throughout the audit process. Each section of this audit report contains the specific criteria used for comparisons and detailed methodology, including the data used for analysis. The performance audit process involved sharing preliminary information with the ESC network, which included status meetings with the ESC network. Input from the ESCs was considered and taken into account, as appropriate. This operational study contains recommendations and issues for further study that are intended to provide stakeholders, including the ESCs, ODE, the State Board of Education, the Governor, and the Ohio General Assembly with information that may inform future performance audits of ESCs or future performance standards

## Engagement Purpose, Scope, and Objectives

Senate Bill 3 of the 131st General Assembly required the Auditor of State (AOS) to conduct a comprehensive operational study of the educational service center network in Ohio. This performance audit fulfills the requirement set forth by the legislation. OPT engaged in a collaborative planning and scoping process with stakeholders of the ESC network which included interviews and a high-level review of data. The scope of this operational review included data collection, data reporting, and district contracting/procuring, operations, and services.

Based on the agreed upon scope, OPT developed the objectives on the following page designed to identify improvements to efficiency and/or effectiveness:

Objective	Finding
<b>Uniformity and Transparency</b>	
What opportunities exist to increase system-wide uniformity and transparency in data collection, reporting, and district contracting/procuring?	Report Section 1 <b>R1.1</b> Data Uniformity <b>R1.2</b> Data Transparency
<b>Operations</b>	
What opportunities exist to maximize service provisions, independent of regional and demographic characteristics of an ESC's customer base?	Report Section 2 <b>R2.1</b> Local Subsidy Issue for Further Study – Funding <b>R2.2</b> High Performing ESCs
What opportunities exist to increase efficiency and/or effectiveness by identifying practices that have the greatest impact on value generation?	Report Section 5 <b>R5.1</b> Key Performance Indicators
<b>Services</b>	
What core services exist and do opportunities exist to leverage these services?	Report Section 3 No findings generated
What opportunities exist to leverage other service providers and/or eliminate duplicative services between agencies?	Report Section 4 Issue for Further Study – ERSS Issue for Further Study - COGs

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. No deficiencies in internal control related to specific ESCs were identified during the operational study.

## Client Response Letter

AOS policy allows clients to provide a written response to a report. The letter on the following page is the Ohio Educational Service Center Association's official response to this operational study. Throughout the study process, staff met and conferred with officials from individual ESCs as well as the Association to ensure substantial agreement on the factual information presented in the report.



May 11, 2020

Keith Faber, Auditor of State  
88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Auditor Faber:

On behalf of the Executive Council and membership of the Ohio Educational Service Center Association (OESCA) thank you and your staff for the work conducted on the 3-year operational study of Ohio's Educational Service Centers (ESCs) as mandated under Senate Bill 3 of the 131<sup>st</sup> General Assembly.

Unlike a traditional performance audit, this operational study was focused on a narrow set of goals as outlined in statute and limited to conducting a comprehensive operational study of all ESCs in the state that could contain standards and benchmarks unique to ESCs for further study, and that could inform future performance audits of ESCs. Despite a transition in leadership from the previous Auditor of State and changes in personnel conducting the operational study, your staff worked diligently to meet the primary charge as articulated by the Ohio General Assembly.

We appreciate the depth of review and effort by your staff to understand a complex network of diverse, regional education service providers. The requirement to do any comparative analysis and identify standards and benchmarks was a difficult task given the intentional policy construct that each ESC be uniquely designed to serve the regional needs and priorities of their own respective client school districts.

OESCA would like to thank you and your staff for identifying opportunities for improvement in how the state collects data related to ESCs services and operations. We believe we are highly accountable and transparent at the individual ESC level. That being said, improved collection, reporting and use of data will only serve to enhance the statewide network of ESCs and can improve our operational performance in pursuit of providing high quality operational and academic support services to students and schools across the state of Ohio in an efficient and cost effective manner. We fully expect to be deeply engaged in any conversations on these issues.

We hope your recommended areas for further study will inform state level policy and funding discussions and will be used to advance efforts to leverage the regional system of support to insure equity and access to high quality educational services for all students regardless of where they live and attend school. The state can benefit from a more intentional and defined role for ESCs. As we have learned in recent months through the COVID-19 pandemic, statewide systems of support are important to insure a coordinated response and continuity of services to all Ohioans particularly many of the vulnerable populations we serve.

Respectfully,

Kerri Weir, President  
Northwest Ohio ESC

Randy Lucas, President-Elect  
East Central Ohio ESC

Sandy Mers, Secretary  
South Central Ohio ESC

Craig Burford, Executive Director  
Ohio ESC Association

Chris Fox, OTESCA President  
Montgomery County ESC