

Each year, Student Investment Account (SIA) recipients are required to conduct a financial audit in accordance with the Municipal Audit Law¹, which includes consideration of SIA compliance and reporting. The audit is structurally designed to be embedded in the school district or eligible charter school's annual financial audit, and is similar to work performed for the State School Fund (e.g. considering high-risk areas such as ADM, Transportation Grant and others)².

The Student Investment Account emphasizes accountability and transparency at the state and local level through planning, performance reviews, growth targets, and annual audits. The purpose of this resource is to further explain the Financial Audit of SIA³, as defined in statute, including:

1. The legislative intent;
2. Grantee (district and eligible charter school) responsibilities; and
3. Auditor responsibilities

Legislative Intent of the Financial Audit of SIA Funds

The legislative intent of the Financial Audit of SIA funds is for it to be an embedded component of the school district or eligible charter school's annual financial audit, while increasing transparency and public accountability specifically for the use of SIA funds. **In other words, this audit should be woven into what are already routine and customary practices while allowing for clarity on the use of SIA funds.**

The annual financial audit connects and supports the performance reviews that are required to be completed by the district or charter school every four years as part of the SIA, with the first one being due by Spring 2024. If ODE determines grant funds were not used in accordance with the grant agreement, ODE has authority to identify and implement specific interventions, provide additional technical assistance, and/or deduct amounts from future grant distributions.

Action Items for School Districts and Eligible Charter School

Use this checklist to track and make sure you've done your part to support this process (if applicable):

- Make sure your records are in order. SIA funding was recommended to be in a dedicated account. You'll want to ensure you've kept your fund account in a method that supports the auditing to be completed.
- Present the final audit report to your governing board as an open meeting item for public comment and board approval (it cannot be a consent agenda item).
- Ensure the audit report is available on your district website and in the main office.
- Share a copy of the audit results *and* the board meeting minutes with ODE.
- The first financial audit and board meeting minutes are due to ODE no later than **January 31, 2022**. This allows recipients through December 31, 2021 to complete the audit and the month of January to post and present their audit to the board.

¹ <https://www.oregonlaws.org/ors/297.405>

² The discretion and levels of testing and materiality remain with the auditors

³ In general, the definition of audit is the review of financial statements, including SIA. However, refer to S15 [HB 3427](#) for the definition of financial audit for SIA.

SIA Financial Audit

Action Items for Auditors

Auditors can use this recommended checklist to track and make sure they've done their part to support this process:

- In accordance with the Minimum Standards, consider SIA funding as part of “programs funded outside sources”⁴ or “Other Comments and Disclosures”⁵.
- Perform additional audit procedures, as determined necessary, over SIA funds using the [suggested ODE audit program related to SIA](#).⁶
- Auditors should comment on any noncompliance in the minimum standards report required by Oregon State regulation⁷ or a letter to management.
- Provide a copy of the minimum standards report or management letter to the governing board along with the completed financial audit before submitting to the Secretary of State by December 31, 2021.

Support

ODE's SIA team has a governmental auditor on staff who can assist with questions or needs around implementing this part of the law. Any questions, please contact Cassie Medina at cassie.medina@ode.state.or.us.

⁴ [OAR 162-010-0280](#)

⁵ [OAR 162-010-0320](#)

⁶ Guidance or recommendation that an auditor can choose to use, at their determination and judgement.

⁷ [OAR-162-010-0020 \(9e\)](#) and/or [OAR-162-010-0200](#)