

## REGULAR SIA FINANCIAL AUDIT 2022-2023 SUGGESTED AUDIT PROCEDURES FOR SIA FUND

### Audit Approach

The Regular SIA Financial Audit<sup>1</sup>, as defined in the statute, is intended to be embedded in the school district, eligible charter school, YCEP or JDEP’s annual municipal audit. Financial auditors in Oregon are required to comply with the requirements set forth in the [Minimum Standards \(OAR 162-010\)](#) for audits of Oregon Municipal Corporations which is published by the Division of Audits, Oregon Secretary of State (SOS).

### Proposed Regular SIA Financial Audit Objectives <sup>2</sup>

1. Determine if internal controls are implemented
2. Determine whether grant monies are used in compliance with grant agreements
3. Determine whether the claims are properly computed and reported
4. Determine whether acquittal of funds are monitored and reported as required

Below are the suggested ODE audit procedures to be undertaken by financial auditors.

Grant Agreements
<input type="checkbox"/> Gain an in depth understanding of the approved grant agreement in relation to allowable usage, budgetary requirement, allocated amount to the program, and reporting requirements.
<input type="checkbox"/> For districts who have charter schools applying with them, ensure a district-charter agreement is in place.
<input type="checkbox"/> For districts and YCEPs/JDEPs applying with other eligible applicants in consortia, ensure there is a MOU in place.

<sup>1</sup> S15 [HB 3427](#)

<sup>2</sup> Auditors are expected to perform sufficient procedures to be able to state auditors perform enough work in their judgment to say “nothing came to their attention” that makes them think the entity is not in compliance.

## Financial Management

- Document your understanding of internal controls around the implementation of the SIA program, from contracting, execution, disbursement, and accounting.

### Examine the following:

- Were the SIA funds allocated within the terms of the grant agreement and sub-agreement between the district and charter schools that applied with them.
- Were the SIA funds spent within the terms of the grant agreement and sub-agreement:
  - as per district's/school's approved SIA program (as to allowable usage and allocated fund)
  - allowable administrative cost, including indirect costs
  - if SIA fund not spent within the term of the grant agreement, ensure there is an approved amendment to the grantee's SIA program
- Did the grantee spend all funds by September 30 annually?
  - If not, were unused funds returned to ODE within 45 days of the grant end date?

**Background:** SIA funds are not claim based, which is different from the majority of grant funding in ODE. Therefore, SIA grant recipients do not need to submit any supporting documentation or receipts at the time of their disbursement claims to ODE. Their expenditures are reconciled through their quarterly financial progress reporting and through an annual financial audit. Supporting documentation or receipts of their disbursement claims can be downloaded from EGMS. SIA recipients were eligible to claim the first 25% of their total SIA allocation on July 1, or once they have a fully executed SIA grant agreement in place after this date. The subsequent disbursements are: 25% [date], 25% [date], and 25% [date].

- Ascertain that claims (revenue) and expenses are coded by function as per [PBAM](#). Select a sample of claims and expenses for testing.
  - Verify that the sampled expenditures are supported by appropriate supporting documentation.
- Administrative costs, including indirect costs, are limited to 5% of the total expenditures or \$500,000 annually, whichever is less. Select a sample of administrative costs (if any) to verify if the prescribed requirement has been followed.

## Monitoring & Reporting

- Document understanding of internal controls around the monitoring and reporting processes for the SIA fund.
- For districts who have eligible charter schools applying with them, ensure charter school funds are reported either with the district or separately on their customized ODE reporting dashboard.
- Verify SIA grant recipients submitted quarterly programmatic and financial progress reports to ODE prior to the end of the grant period.
- Verify whether the grant recipients completed the annual report and presented it to the governing board.
- The reports were due on the following dates:
  - Quarter 1-July-September (Report due 10/31)
  - Quarter 2-October-December (Report due 1/31 with Financial Audit)
  - Quarter 3-January-March (Report Due 4/30)
  - Quarter 4 / Annual Report-April-September (Report due on November 30, because of the universal summer extension through 9/30 & inclusion of annual report)
- Select a sample of these reports to verify if these reports have been submitted to ODE within the prescribed timeline.
- Document reason(s) for not submitting within the prescribed timeline.
- Validation check on follow ups that have been performed and supported by appropriate documentation.

## General

- Have the grantees maintained all financial records relating to this Grant as required? Grantees shall retain and keep accessible all records for a minimum of five (5) years, or such longer period as may be required by applicable law.

## Deliverables

The financial auditors are expected to:

- In accordance with the Minimum Standards, consider SIA funding as part of “programs funded from outside sources”<sup>3</sup> or “Other Comments and Disclosures”.<sup>4</sup>
- Auditors should comment on any noncompliance in the minimum standards report required by Oregon State regulation<sup>5</sup> 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’s Office by January 31, annually.

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<sup>3</sup> [OAR 162-010-0280](#)

<sup>4</sup> [OAR 162-010-0320](#)

<sup>5</sup> [OAR-162-010-0020 \(9e\)](#) and/or [OAR-162-010-0200](#)