

FINANCIAL AUDIT

SUGGESTED AUDIT PROCEDURES FOR SIA FUND

Audit Approach

The financial audit for SIA¹, as defined in the statute, is intended to be embedded in the school district or eligible charter school’s annual municipal audit. Municipal 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).

SIA Financial Proposed Audit Objectives ²

1. Determine if internal controls are implemented
2. Determine whether grant moneys 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 the [Municipal Auditors](#).

Grant Agreements
<input type="checkbox"/> Gain an understanding over the application process for SIA Funds.
<input type="checkbox"/> For districts who have charter schools applying with them, ensure a district-charter agreement is in place.
<input type="checkbox"/> Review the grant agreement(s) or sub-grant agreements in your school district and charter (if applicable) that were submitted to ODE for testing. To check the followings have been adhered to: <ul style="list-style-type: none"> <input type="checkbox"/> SIA Plan (should cover three years: 2020/21, 2021/22 and 2022/23) ³ <input type="checkbox"/> SIA Plan includes the Longitudinal Performance Growth Targets (LPGT) ⁴ <input type="checkbox"/> A copy of grant agreement has been approved by governing body of the grant recipient at an open meeting and approved by ODE (i.e. signed and fully executed by ODE Procurement)

¹ S15 [HB 3427](#)

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

³ ODE opted not to include the actual three year plans as an exhibit in the grant agreements. They will only be found in the Google folders

⁴ Release for 2020-21

- Grant agreement was made available at the main office of the grant recipient and on the grant recipient's webpage
- Grant agreement was shared during an oral presentation by an administrator at an open meeting
- Grant agreement was made available for public to comment at open meeting (i.e. meeting minutes)
- A copy of grant agreement has been filed for record
- Grant amendments for the 2021-23 biennium are available

Financial Management

- Document your understanding of internal controls around the disbursement process for SIA fund.

Examine the following:

- Were the funds spent within the allowable use categories:
 - increasing instructional time
 - addressing students' health and safety needs
 - evidenced-based strategies for reducing class size and caseloads
 - expanding availability of student participation in well-rounded learning experience
 - ongoing community engagement
 - administrative cost, including indirect costs
- Did the grantee spend all funds by June 30, 2021⁵?
 - If not, were unused funds returned⁶ to ODE within 45 days of the grant end date?
- If the grantee requested an extension to spend 2020-21 SIA funds through September 30, 2021, examine the following:
 - Does the grantee have a fully executed grant amendment on file?
 - Did the grantee spend all funds by September 30, 2021?
 - 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

⁵ September 30, 2021 if the grantee received a summer extension and has a fully executed summer extension amendment in place.

⁶ Returned funds will be returned to the SIA Account and redistributed the following biennium (if applicable).

ODE. Their expenditures are reconciled through their financial progress reporting that occurs three times a year (for 2020-21)⁷ 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 40% of their total SIA allocation on October 1, 2020 or once they had a fully executed SIA grant agreement in place after this date. The next 30% funds could be claimed on January 1, 2021 and the final 30% of funds could be claimed on April 1, 2021. This was an adjusted timeline for the first year of implementation.

- Ascertain that claims (revenue) and expenses are coded by function as per PBAM⁸. 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 programmatic and financial progress reports to ODE. prior to the end of the grant period.
- Verify grant recipients completed the first annual report and presented it to the governing board.
- For 2020-21 foundational year, the reports were due on the following dates:
 - January 31, 2021⁹ (1st reporting period of July 1, 2020 - December 31, 2020)

⁷ This reporting timeline will shift back to 4 times a year (based on the original plan) from 2021-22 onwards. These changes are reflected in the grant amendment exhibit language.

⁸ Based on Section 5 of the December 2019 guidance, ODE recommends school districts review Appendix G of the PBAM and that grant recipients, at minimum, create a new fund for SIA. For reporting to data collections for the 2020-21 Actuals, Financials data collection, districts will need to crosswalk their data to a 251 fund, which is a sub-fund of the 200 Special Revenues Fund. Districts only need to use a cross-walk if they are accounting for the SIA revenue and expenditures in a different sub-fund.

⁹ For any grant agreements executed after January 15, 2021, ODE provides a three week time period for the grantee to submit the first progress report, which was after the January 31, 2021 deadline.

- April 30, 2021 (2nd reporting period of January 1, 2021 - March 31, 2021)
- September 30, 2021 (3rd reporting period of April 1, 2021 - June 30, 2021). For those recipients who request an extension to spend funds through September 30, 2021, the report is due November 30, 2021
- First annual report due on September 30, 2021. ¹⁰

- 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 Municipal Auditors are expected to:

- In accordance with the Minimum Standards, consider SIA funding as part of “programs funded from outside sources” ¹¹ or “Other Comments and Disclosures”.¹²
- Auditors should comment on any noncompliance in the minimum standards report required by Oregon State regulation¹³ 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 December 31, 2021.

¹⁰ For those who requested for extension, the report is due on November 30, 2021.

¹¹ [OAR 162-010-0280](#)

¹² [OAR 162-010-0320](#)

¹³ [OAR-162-010-0020 \(9e\)](#) and/or [OAR-162-010-0200](#)