Leveraging ESSER Funds - Virtual Conference
Audit Trail Reports and Compliance
Prepare, Prevent, and Respond

August 9, 2022
Goals For This Session

- ESSER Audit Compliances
- Statutory obligations to ensure reports are complete
- Montana Code Annotated compliances, Filing dates, and Standard report
- How ESSER Affects Audits

Presenters: Dan Moody, OPI Auditor
OPI has statutory obligations to ensure reports are completed.

- § 2-7-503, Montana Code Annotated (MCA) Financial reports and audits of local government entities. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

- § 2-7-514, MCA Filing of audit report and financial report. The state superintendent of public instruction shall file with the department a list of school districts subject to audit under § 2-7-503(3).
ESSER Considerations

- Additional funds can result in type of audit required resulting in additional costs.
- ESSER grant can be used to pay for additional audit costs, including accounting assistance.
- The rules are the same with ESSER money. Capital Expenditure project example:
  - Greater than $80,000 require 3 bids per MCA 20-9-204(3)
<table>
<thead>
<tr>
<th>Type of Audit or Review Required:</th>
<th>Threshold</th>
<th>Contractor</th>
<th>Term</th>
<th>Comments:</th>
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</thead>
<tbody>
<tr>
<td><strong>(State law)</strong></td>
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<tr>
<td>Review</td>
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<td>By contracted auditor The OPI or Dept. of Administration will notify district. Contract must be done through the Dept. of Administration as 3rd party</td>
<td>One year at a time with a rotating 4-year schedule.</td>
<td>A review of procedures, especially for recording and reporting revenues and expenditures.</td>
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<tr>
<td>Due June 30</td>
<td>*REVENUES (All Funds) $750,000 or less</td>
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<tr>
<td><strong>(State Law)</strong></td>
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<td>Regular (Yellowbook Audit)</td>
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<td>By contracted auditor Dept. of Administration has standard contracts and a roster of authorized auditors</td>
<td>Usually Annual</td>
<td>May be for two years, if approved by Department of Administration.</td>
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<tr>
<td>Due June 30</td>
<td>*REVENUES (All Funds) More than $750,000</td>
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<tr>
<td><strong>(Federal Law)</strong></td>
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<tr>
<td>Federal Audit</td>
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<td>By contracted auditor Department of Administration has standard contracts and a roster of authorized auditors.</td>
<td>Annual</td>
<td>Regular audit, plus additional procedures to review and report on federal programs.</td>
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<td>Due March 31</td>
<td>FEDERAL EXPENDITURES (Including USDA Commodities) $750,000 or more</td>
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The Seven standard Internal Controls

- Segregation of Duties
- Access Controls
- Physical Audits
- Standardized Documentation
- Trial Balances
- Periodic Reconciliations
- Approval Authority
The Seven standard Internal Controls

- **Segregation of Duties**
  - Splitting responsibility for bookkeeping, deposits, reporting, and auditing.
  - Small offices can use a review of critical transactions. (Superintendent, School Board or other)

- **Access Controls**
  - Control of access to all accounting software and files, personnel records, student records etc.

- **Physical Audits**
  - Self-Audits: Review the reasons for your Audit Findings.
  - Ensure that all transactions are documented, reconciled, and authorized, with signatures.
  - Extracurricular activities, audit, review and observe.
  - Accounting period cut-off review.
  - Have written policies and procedures.

- **Preparation of ESSER Desk Audits**
  - Monitoring tab on ESSER OPI webpage
The Seven standard Internal Controls

• **Standardized Documentation**
  - Have written policies and procedures, use uniform documents, and whenever possible have numeric integrity of documents, checks, deposit slips, tickets etc.

• **Trial Balances**
  - Review for reasonableness, negative balances, comparison with prior periods.

• **Periodic Reconciliations**
  - All cash accounts, including clearing accounts must be reconciled monthly. There should be a review, signature attesting to the review, documenting the review.

• **Approval Authority**
  - Hierarchy of approval.
  - Closing procedures (reconciliations, accruals etc.) have been completed can be approval.
  - For smaller schools, using all available people is a necessity (Secretary, Superintendent, and School Board), depending on the importance of the action taken.
Opi resources

  - Audit requirements
  - Audit processes
  - News
  - Information to schools
  - Information to auditors
Questions?

Call the OPI Auditor for help:

**Dan Moody, Dan.Moody@mt.gov** 406 444-0701

Call the OPI School Finance staff:

**Barb Quinn, Barbara.Quinn@mt.gov** 406 444-3249

Call the auditor on contract with your school or district.

Auditors are often limited to contractual obligations and stipulations.
## OPI’s System of Support

<table>
<thead>
<tr>
<th>Advocate</th>
<th>Auditor</th>
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<tbody>
<tr>
<td>Assist in securing operationally, technically, and financially feasible solutions</td>
<td>Documentation templates and report reviews; plans, data collection, projects</td>
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- Be mindful that auditors are often limited to contractual obligations and stipulations.
Welcome to the Office of Public Instruction

Superintendent Elsie Arntzen is proud to serve our Montana families, students, and teachers. Families are the foundation of learning as our parents are our first teachers. Our students are our most precious resource and the future of this great state. As a teacher of 23 years, the Superintendent knows the importance of quality educators in the classroom and is working to ensure Montana teachers have the flexibility needed to put our Montana students first.

The Montana Office of Public Instruction (OPI) is charged with the responsibility of providing technical assistance in:

- School Finance
- School Law
- Teacher Certification and Licensing
- School Accreditation
- Teaching and Learning Standards

The OPI staff administer a number of federally funded programs and provide a variety of information services, including the information systems necessary to assess student achievement and the quality of Montana’s elementary and secondary school systems.
Thank you!

For questions or additional information please contact:

ESSER Program Questions
Dan Moody at Dan.Moody@mt.gov or 406-444-0701
Barb Quinn Barb.Quinn@mt.gov or 406-444-3249