



Montana

Office of Public Instruction

ESSER Guidance Sessions - October
Audit Trail Reports and Compliance

Prepare, Prevent, and Respond

October 21, 2022

Speaker:

Kristen Becker at Kristen.Becker@mt.gov or 406-444-0701





Goals For This Session

- Statutory Obligations to ensure reports are complete
- ESSER Audit Compliance
- What to do if there is an Audit Finding
- Montana Code Annotated compliances, Filing dates, and Standard report
- How ESSER Affects Audits
- Seven Standard Internal Controls





Statutory Obligations

- **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 change 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)



What To Do If There Is An Audit Finding

1. Determine if the money needs to be returned.
2. Within 30 days, a **corrective action plan** must be submitted, with a separate response for each finding.
3. Each finding response must include the answer to each of the following questions:
 - a. Why did the deficiency occur?
 - b. What is being done to correct the deficiency?
 - c. Who is responsible for correcting the deficiency?
 - d. When will the corrective measure(s) be implemented?



Audit Thresholds

Type of Audit or Review Required:	Threshold	Contractor	Term	Comments:
<p>(State law)</p> <p>Review</p> <p>Due June 30</p>	<p>*REVENUES (All Funds)</p> <p>\$750,000 or less</p>	<p>By contracted auditor</p> <p>The OPI or Dept. of Administration will notify district. Contract must be done through the Dept. of Administration as 3rd party</p>	<p>One year at a time with a rotating 4-year schedule.</p>	<p>A review of procedures, especially for recording and reporting revenues and expenditures.</p>
<p>(State Law)</p> <p>Regular (Yellowbook Audit)</p> <p>Due June 30</p>	<p>*REVENUES (All Funds) More than \$750,000</p>	<p>By contracted auditor</p> <p>Dept. of Administration has standard contracts and a roster of authorized auditors</p>	<p>Usually Annual</p>	<p>May be for two years, if approved by Department of Administration.</p>
<p>(Federal Law)</p> <p>Federal Audit</p> <p>Due March 31</p>	<p>FEDERAL EXPENDITURES (Including USDA Commodities)</p> <p>\$750,000 or more</p>	<p>By contracted auditor</p> <p>Department of Administration has standard contracts and a roster of authorized auditors.</p>	<p>Annual</p>	<p>Regular audit, plus additional procedures to review and report on federal programs.</p>

The Seven Standard Internal Controls

1. Segregation of Duties

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

2. Access Controls

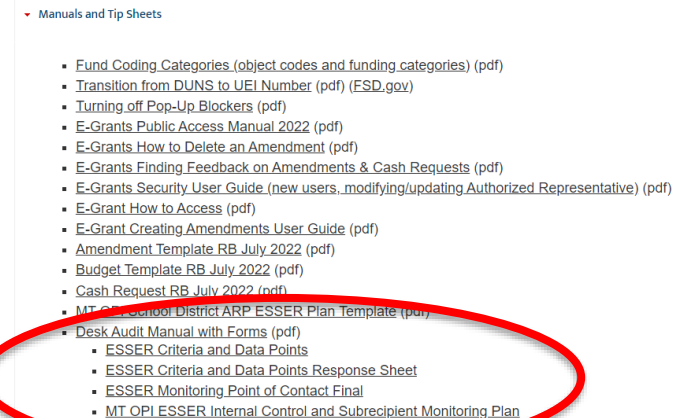
- a. Control of access to all accounting software and files, personnel records, student records etc.

3. Physical Audits

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

A. Preparation of ESSER Desk Audits

1. [Manuals and Tip Sheets](#) on ESSER OPI webpage





The Seven Standard Internal Controls

4. Standardized Documentation

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

5. Trial Balances

- a. Review for reasonableness, negative balances, comparison with prior periods.

6. Periodic Reconciliations

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

7. Approval Authority

- a. Hierarchy of approval.
- b. Closing procedures (reconciliations, accruals etc.) have been completed can be approval.
- c. 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

- [OPI Auditing Webpage](#)
 - Audit requirements
 - Audit processes
 - News
 - Information to Schools
 - Information to Auditors

P.O. Box 202501 • Helena, MT 59620-2501 [Calendar](#) [About Us](#)

OFFICE OF PUBLIC INSTRUCTION *PUTTING MONTANA STUDENTS FIRST*

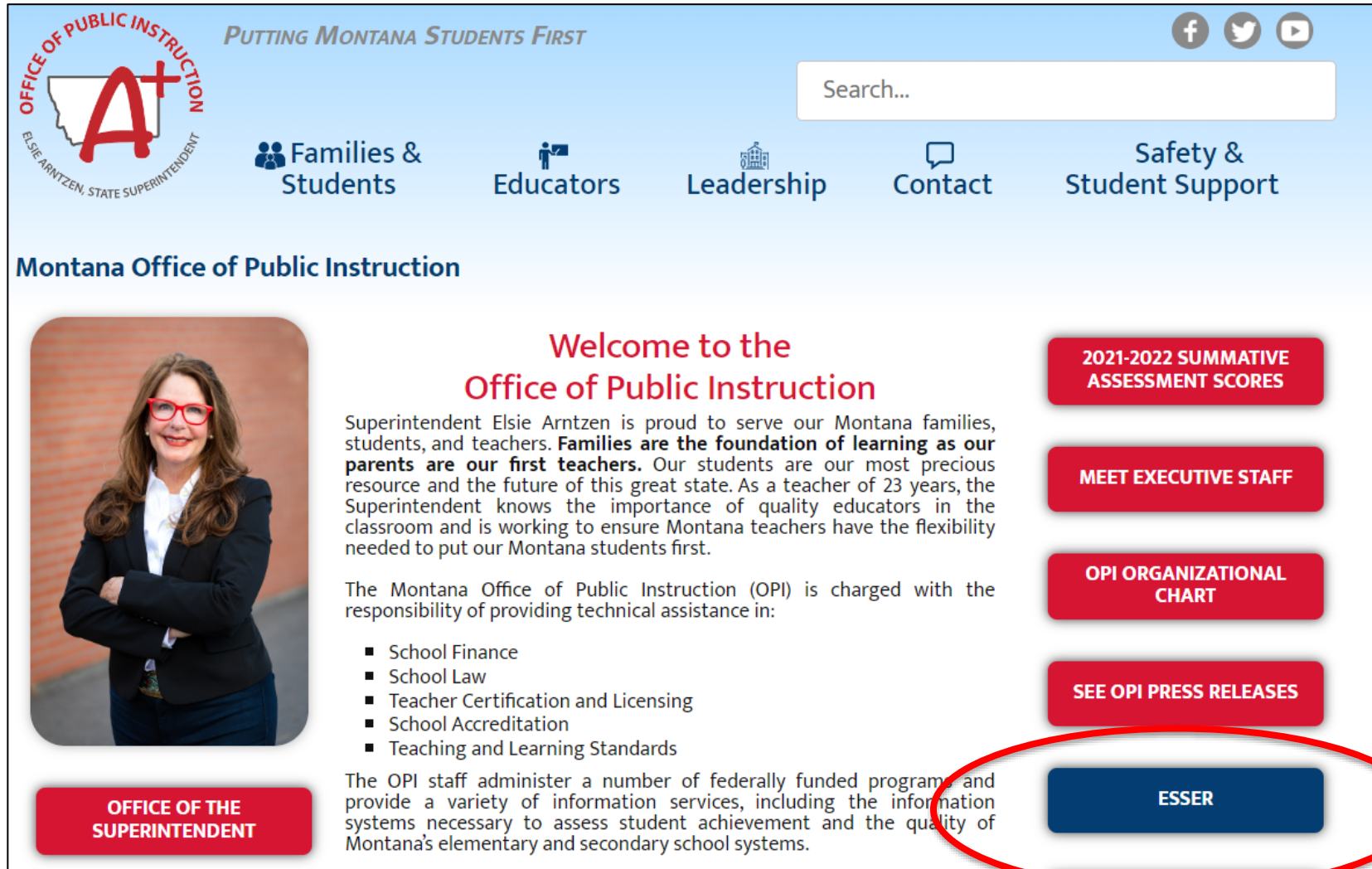
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A screenshot of the Montana Office of Public Instruction website. The page has a light blue header with the OPI logo on the left, the slogan 'PUTTING MONTANA STUDENTS FIRST' in the center, and social media icons on the right. Below the header is a navigation menu with links for 'Families & Students', 'Educators', 'Leadership', 'Contact', and 'Safety & Student Support'. A search bar is located in the top right. The main content area features a portrait of Superintendent Elsie Arntzen, a welcome message, and a list of services. On the right side, there are five red buttons: '2021-2022 SUMMATIVE ASSESSMENT SCORES', 'MEET EXECUTIVE STAFF', 'OPI ORGANIZATIONAL CHART', 'SEE OPI PRESS RELEASES', and 'ESSER'. The 'ESSER' button is circled in red. The 'OFFICE OF THE SUPERINTENDENT' button is located at the bottom left of the main content area.

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Montana Office of Public Instruction

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.

2021-2022 SUMMATIVE ASSESSMENT SCORES

MEET EXECUTIVE STAFF

OPI ORGANIZATIONAL CHART

SEE OPI PRESS RELEASES

ESSER

OFFICE OF THE SUPERINTENDENT

Q & A

For questions or additional information please contact:

Audit Questions

Kris Becker at Kristen.Becker@mt.gov or 406-444-0701

Or, call the **auditor on contract with your school or district.**

Auditors are often limited to contractual obligations and stipulations.

School Finance Questions

Barb Quinn Barb.Quinn@mt.gov or 406-444-3249

ESSER Program Questions

Rebecca Brown at Rebecca.Brown@mt.gov or 406-444-0783