

FINANCIAL-COMPLIANCE AUDIT

Office of Public Instruction

For the Two Fiscal Years Ended June 30, 2017

NOVEMBER 2017

17-19

REPORT SUMMARY

The Superintendent of Public Instruction is responsible for general supervision of public schools, including distribution of state and federal support. Our audit makes two recommendations related to complying with federal regulations governing statewide student testing and cash management.

Context

The Office of Public Instruction (office) distributes funds awarded to local school districts in support of K-12 education. The office is responsible for monitoring more than 400 school districts to ensure compliance with state and federal regulations. In fiscal years 2017 and 2016, the office distributed more than \$998 million and \$971 million, respectively, to school districts.

The office is comprised of two programs. The State Level Activities program is established for the delivery of state services to public school districts, the management of federal grants, and the administration of the distribution of state funds to public school districts. The staff of this program support the superintendent's statutory role with the Board of Public Education, the Board of Regents, and the Board of Land Commissioners. Within this program, the office oversees the financial reporting, cash management, subrecipient monitoring, and cost allocation functions for its federal grants.

The Local Education Activities program is established to distribute state and federal funds to local education agencies, which are primarily school districts. This includes distributions of state support for schools based on the Average Number Belonging (ANB) calculations. ANB is the average number of regularly enrolled,

full-time pupils physically attending, or receiving educational services at an off-site instructional setting, from the public schools of a district. The program also distributes federal grant award funds to schools. Federal programs supporting Montana's schools include Grants to Local Educational Agencies (Title I), Child Nutrition and Commodities, Individuals With Disabilities Education Act, Part B (IDEA B), and Improving Teacher Quality (Title IIA).

Results

The prior audit contained three recommendations of which two were implemented and one was partially implemented. The current audit contains two recommendations. One recommendation is related to strengthening monitoring over the implementation of school-wide security agreements on statewide required student testing. The other recommendation is related to compliance with the Treasury State Agreement, an agreement made between the state of Montana and the federal government related to reimbursement of federal program costs.

Title I, Child Nutrition and Commodities, IDEA B, and Title IIA are important federal programs for the state of Montana. Much

of our audit work concentrated on testing compliance with the federal regulations related to the grants. We also spent time determining the reasonableness of the state funding to schools presented on the office's financial schedules. We found the office's financial schedules presented fairly the activity of the office in all material respects. The schedules include the more than \$998 million and \$971 million the office distributed to schools in fiscal years 2017 and 2016.

Recommendation Concurrence	
Concur	1
Partially Concur	1
Do Not Concur	0
Source: Agency audit response included in final report.	

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