OFFICE OF PUBLIC INSTRUCTION

Financial-Compliance Audit
For the 2 fiscal years ended June 30, 2021
01. Opinion and Federal Testing
02. Subrecipient Monitoring
03. Questioned Costs
04. Cash Management
05. Internal Service Fund Costs
06. The Future - Recommendations #1
AUDITOR’S OPINION: UNMODIFIED

We found OPI’s financial schedules and note disclosures present fairly OPI’s activity in all material respects. This means a reader can rely on the information presented and the underlying accounting records.
ESSER AND QUESTIONED COSTS

OPI is responsible for administering the Elementary and Secondary School Relief (ESSER) Fund. Most ESSER funds are subgranted to LEAs. OPI spent $26.9 million on ESSER during the audit period. The federal government granted over $500 million more in ESSER funding to the state, so OPI will continue subgranting ESSER money to LEAs in fiscal year 2022 and beyond.
<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Assistance From State Sources</td>
<td>861,515,338</td>
<td>899,176,619</td>
</tr>
<tr>
<td>Grants From Federal Sources</td>
<td>164,318,585</td>
<td>221,819,169</td>
</tr>
</tbody>
</table>
## Federal Awards Tested for Single Audit

<table>
<thead>
<tr>
<th>Federal Award</th>
<th>Approximate Revenue 2020</th>
<th>Approximate Revenue 2021</th>
<th>Grant Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Nutrition Cluster</td>
<td>$42.6M</td>
<td>$69.3M</td>
<td>Provide nutritious meals to eligible children</td>
</tr>
<tr>
<td>Title 1 Grants</td>
<td>47.5M</td>
<td>47.8M</td>
<td>Assistance with students at risk of not meeting challenging academic standards</td>
</tr>
<tr>
<td>Special Education Cluster</td>
<td>40.2M</td>
<td>40.5M</td>
<td>Education of Children with Disabilities</td>
</tr>
<tr>
<td>School Emergency Relief (ESSER)</td>
<td>0M</td>
<td>28.6M</td>
<td>Emergency relief funds to address COVID-19</td>
</tr>
<tr>
<td>21st Century Learning Centers</td>
<td>5.0M</td>
<td>5.5M</td>
<td>Provide students with academic enrichment opportunities during non-school hours</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$135.3M</strong></td>
<td><strong>$191.7M</strong></td>
<td></td>
</tr>
</tbody>
</table>
In our prior audit report, we recommended OPI enhance internal controls related to subrecipient monitoring.
ESSER AND QUESTIONED COSTS

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ESSER SAMPLE

• 60 Cash Requests
• Random but not statistical
• 16 Cash Requests unsupported
• $460,154 in questioned costs
• More questioned costs may exist
OPI has the opportunity to finalize their post expenditure monitoring plan in addition to reviewing cash requests. This is important as most of the spending is happening in the future.
OPI should strengthen internal controls related to a federal Title I requirement to reserve money for school improvement and comply with this earmarking requirement.
School Support vs. Admin not tracked
  • Tested risky expenses
  • Over $40,000 in questioned costs
  • More questioned costs may exist
Internal controls are not adequate for drawing cash for two federal programs.
We completed a judgmental sample of 24 draws
  • Small sample, test at least 10%
  • Judgmental allows us to make sure we appropriately cover 2 federal programs
We recommend the OPI comply with state law by ensuring internal service fund fees are commensurate with costs.
RECOMENDATION #1

Control Cycle

Identify risks → Design controls to address risks → Monitor controls in place → Fix control issues found → Go back to thinking about risks

Audit Process- meant to lead to positive change

Training
We thank the Superintendent and her staff for their help during the audit. OPI was able to fully implement four of the prior audit recommendations and OPI reports they have already made changes as a result of this audit.

Questions?