



OPI Updated Corrective Action Plan

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June 27, 2022
LEGISLATIVE AUDIT DIV.

Recommendation #1

We Recommend the Office of Public Instruction:

- A. Comply with state internal control policy by completing internal risk assessments, documenting important internal control processes, and monitoring those internal controls
- B. Educate staff on the importance of internal controls and their associated responsibilities

OPI Updated Response: We Concur

- A. OPI will work to enhance its internal control risk assessment which will include a more detailed assessment of risk at the revenue and expenditure level, include considerations related to non-compliance with federal regulations, and implementation of a monitoring plan to test controls throughout the fiscal year. ***OPI will have the new process implemented in state fiscal year 2023.***
- B. OPI has already begun the process of educating staff on the importance of internal controls and how controls relate to staffs' daily activities. OPI will work to incorporate internal control trainings as part of the on-boarding process to ensure new staff understands the importance of internal controls and their role in maintaining effective controls. ***On-Going. Hired an Engagement Coordinator who will help in facilitating on-boarding process which will include training related to internal controls. OPI will have the new process implemented in state fiscal year 2023.***

Recommendation #2

We recommend the Office of Public Instruction:

- A. Continue to implement internal controls to ensure compliance with federal subrecipient monitoring requirements by documenting an office-wide subrecipient monitoring plan, and
- B. Comply with federal subrecipient monitoring requirements

OPI Updated Response: We Concur

OPI will continue to enhance the subrecipient monitoring process to ensure compliance with federal regulations. The following represents status of the related recommendations:



- Subaward Disclosures – Grant award notifications in the Grants Management System have been updated to include all federally required information. **Implemented.**
- Risk Assessments – As noted in the report, OPI has been working to enhance the risk assessment process since the prior audit recommendation. OPI has implemented an overall assessment of risk process which includes both fiscal and programmatic considerations as federally required. OPI is working to enhance the process further to ensure non-public organizations are included. OPI will implement trainings to ensure OPI staff understands federal requirements associated with assessed level of risk and to ensure consistency in the use of assessed risks as it relates to monitoring activities. **OPI will have the new process implemented in state fiscal year 2023.**
- Management Decisions – OPI has updated the management decisions process to ensure documentation is sufficient to meet federal regulations and non-school recipients are included in the management decision process. **Implemented.**

Recommendation #3

We recommend the Office of Public Instruction:

- A. Strengthen internal controls to ensure ESSER subrecipient grant expenditures are allowable under the program
- B. Review and evaluate ESSER subrecipients budgets and cash requests and, where appropriate, obtain additional support or recoup improperly spent funds

OPI Updated Response: We Concur

OPI has enhanced the budget and cash request process which requires more descriptive information when submitting program budgets and making requests for reimbursement. OPI is working to finalize the program monitoring schedule which will include more in-depth review of ESSER fiscal activity. In addition, OPI has requested local auditors to include ESSER activities as part of audit engagements to provide additional assurance over allowable uses of ESSER funds. **OPI has contracted with Ernst & Young to complete a GAP analysis for ESSER programs. The GAP analysis will complement the work completed by LAD and will be used to strengthen all internal controls over the program. Phase II of the contract will include enhancements to internal controls which includes creation of self-monitoring tools for LEAs, a monitoring schedule for LEAs, and additional guidance for LEAs. Both phases are anticipated to be completed in the first part of state fiscal year 2023.**



Recommendation #4

We recommend the Office of Public Instruction:

- A. Enhance internal controls to ensure ESSER annual reports are accurate and supported
- B. Correct and resubmit the ESSER annual report
- C. Ensure ESSER annual reports include all required data elements and those elements are fully supported as required by federal regulations

OPI Updated Response: We Concur

OPI is currently in the process of amending the ESSER report. Due to reporting issues on a national level, the Department of Education reopened the reporting window which allows states additional time to address identified data issues. OPI will work with the Department to ensure the report is accurate and meets federal reporting requirements. ***OPI will have the new process implemented in state fiscal year 2023.***

Recommendation #5

We recommend the Office of Public Instruction:

- A. Establish internal controls to ensure Federal Funding Accountability and Transparency (FFATA) reports are submitted, supported, and timely.
- B. Review and if necessary resubmit the ESSER I FFATA reports and ensure all subawards over \$30,000 are reported using the subaward amount.
- C. Comply with reporting requirements for the FFATA

OPI Updated Response: We Concur

OPI has updated the FFATA desk manual to include a secondary review step. OPI has revised and resubmitted the ESSER FFATA report to ensure compliance with federal reporting requirements. ***Implemented.***



Recommendation #6

We recommend the Office of Public Instruction:

- A. Establish internal control procedures, including segregated duties, to ensure an annual physical inventory is completed, and the inventory is reconciled to OPI and warehouse records
- B. Comply with federal regulations to complete and document a physical inventory and reconciliation to records for donated foods for the Child Nutrition Cluster

OPI Updated Response: We Concur

OPI will work to enhance the current inventory process to ensure proper documentation is retained, non-reconciled items are fully reconciled, and the process has proper segregation of duties. ***OPI has enhanced the inventory process to include more detailed process documents, utilization of USDA monitoring reviews, and secondary review/approval of inventory adjustments in the MAPS system to ensure proper segregation of duties. OPI completed the state fiscal year 2022 inventory count in June. The inventory count was successful, and all data tied to supporting documents and/or systems. Implemented.***

Recommendation #7

We recommend the Office of Public Instruction document internal control procedures over the Montana Agreement and Payment System's calculation of Child Nutrition payments to schools to ensure payments recorded in the state's accounting records and sent to subrecipients are correctly calculated.

OPI Updated Response: We Concur

OPI has an established process for updating and testing program rates in the MAPS system. OPI understands the importance of and will work to enhance documentation related to rate changes. OPI is currently working with the MAPS vendor to obtain a SOC 1 Type 2 report which will provide additional system assurances. ***OPI has received a SOC Type 2 report from the vendor and has updated the vendor contract to include this requirement. OPI has implemented periodic rate testing to ensure during the fiscal year the MAPS system reflects correct rates. Testing will be completed during the fiscal year and one additional time prior to fiscal year end which in the event of identified issues, OPI can make any applicable adjustments to ensure proper payment and financial reporting. Implemented.***



Recommendation #8

We recommend the Office of Public Instruction:

- A. Develop internal controls to ensure earmarked funds are spent on allowable activities and improve documentation to support cost allowability.
- B. Comply with Title I earmarking requirements

OPI Updated Response: We Concur

OPI has implemented a new accounting structure which clearly delineates administrative vs support activities. Due to COVID, the Department of Education approved a waiver for this federal program which extended the allowable period in which the funds can be expended. OPI will utilize the extended period to make applicable adjustments to program activity to ensure compliance with federal requirements. ***OPI has held meetings with program staff to clearly identify administrative costs vs direct support services. As noted, OPI has established two separate projects to clearly delineate each funding sources activities. As these funds are budgeted within a federal fiscal year, the adjustments made ensures OPI is in full compliance with federal regulations related to accounting for federal funds. Implemented.***

Recommendation #9

We recommend the Office of Public Instruction:

- A. Develop internal controls that address LEAs responsibilities for documenting the removal of a student from adjusted cohort, and
- B. Monitor the LEAs adherence to the federal requirements

OPI Updated Response: We Concur

OPI will enhance current guidance to ensure schools are adequately informed of Title I graduation rate policy and procedure requirements. OPI will evaluate the need and implement as deemed appropriate a monitoring plan to ensure schools are compliant with Title I regulations. ***OPI has updated applicable guidance documents to include language related to the documentation requirements of the federal regulation. OPI will also add a step in the Title I monitoring tool to include review of LEAs documentation related to removal of a student from a cohort. Implemented.***



Recommendation #10

We recommend the Office of Public Instruction:

- A. Follow OPI policy related to allocation of grant funds,
- B. Improve controls over period of performance by including cross training for monthly reconciliations, and
- C. Improve controls related to state maintenance of effort by reviewing actual state expenditures to ensure compliance with federal regulations

OPI Updated Response: We Concur

- A. OPI staff responsible for the review of 10% variances and secondary review of allocation calculations are aware of these requirements. OPI will ensure these processes are completed and properly documented. ***OPI staff completed 10% variant review for state fiscal year 2022 and will complete in each subsequent fiscal year. Implemented.***
- B. OPI will continue to enhance the reconciliation process by cross training accounting staff to ensure all program activity is reconciled timely and accurately. ***OPI fiscal staff has started the cross-training process for the various grants administered. Cross-training will be an on-going process as staff duties change or due to staff turnover. Implemented.***
- C. OPI has implemented a fiscal year end procedure to review Special Education MOE activity to ensure compliance with federal regulations. ***Implemented.***

Recommendation #11

We recommend the Office of Public Instruction enhance internal controls for the grant reimbursement process for the 21st Century Community Learning Centers program to ensure expenditures area allowable

OPI Updated Response: We Concur

OPI will continue to enhance the process to ensure more detailed descriptions of budgeted and actual expenditure activity is provided to ensure compliance with federal regulations. ***OPI staff is working with grantees to ensure cash requests contain detailed breakouts for the use of funds. Providing more detailed information affords program staff the ability to determine if the activities are allowable per federal regulations. OPI staff also completes reviews of supporting documentation for submitted cash requests during scheduled monitoring visits. Implemented.***



Recommendation #12

We recommend the Office of Public Instruction:

- A. Enhance cash management internal controls and monitor their effectiveness to ensure the OPI only requests federal cash for incurred expenditures.
- B. Comply with cash management requirements.

OPI Updated Response: We Do not Concur

OPI acknowledges there were two instances in the audit period where cash was ordered in excess of expenditures. Although the secondary reviewer did not identify the error, compensating controls in the cash ordering process did identify the excess cash resulting in correcting journals for the excess funds. **Implemented.**

Recommendation #13

We recommend the Office of Public Instruction comply with state law by ensuring internal service fund fees are commensurate with costs.

OPI Updated Response: We Concur

OPI will continue to work with the Department of Education in negotiating a rate which will ensure applicable costs are recoverable. Upon completion of the current negotiated rate term, OPI will start submitting annual rate proposals which will ensure the negotiated rate addresses current fiscal year constraints. ***OPI has moved the CFO personal services costs into a General Fund budget which will continue moving forward. This will ensure the indirect cost pool is not funding unrecoverable costs. OPI also repaid the inter-entity loan. Implemented.***