



Montana
Office of Public Instruction
Denise Juneau, State Superintendent

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DATE: September 2016
TO: Auditors of Montana School Districts
FROM: Kara Sperle, School Finance Division Administrator
RE: School District Audits for FY 2016

This letter has three goals:

1. Provide general information and updates regarding issues that affect Montana school district audits for the fiscal year ended June 30, 2016.
2. List special items the agency would like auditors to review for compliance with statute and administrative rule.
3. Provide a method of reporting student enrollment/ANB counts included in attachment A.

The information provided was drawn from the review of FY 2015 audits, the FY 2016 Trustees Financial Summary (TFS) and the 2015 Montana Legislative session. Throughout this letter are hyperlinks to related web pages. Included at the end of the letter is Attachment A, Other Supplemental Information, which includes the Enrollment/ANB Schedule and needs to be completed with each audit.

Request for Information from the OPI – Standard Audit Contract

Requests for information pertaining to potential financial or legal compliance issues relating to a school district or cooperative should be emailed to dcasey@mt.gov. Please allow up to two weeks for a response. If requesting information regarding multiple entities, please list the districts/cooperatives by county to expedite the turnaround of information.

Submission of Audit Reports to OPI

Montana Code Annotated (MCA) § 20-9-213 (7-9) requires copies of all financial audit reports be sent to the OPI. Email a .pdf version of the audit reports to OPIAuditReports@mt.gov. Please continue to send audit reports to the Department of Administration in compliance with MCA § 2-7-503 (1) in the format requested.

School Finance Division Website

The OPI School Finance Division website located at <http://opi.mt.gov/Finance-Grants/schoolfinance/Index.html> includes pages under Auditing with information on a variety of audit topics. The Info for Auditors tab includes the Budget Reports (which also includes the excess reserve information), Trustees' Financial Summary, Enrollment Reports, and the Value of Donated Commodities reports by fiscal year.

School Nutrition Information

For more information about payments and reports related to the school nutrition program, please visit the OPI website at http://opi.mt.gov/Finance&Grants/Index.html?gpm=1_4.

Legislative Summary

OPI has provided a 2015 K-12 Legislative Summary at the following website: <http://opi.mt.gov/pdf/Superintendent/2015LegSummary.pdf> which summarizes legislation affecting school districts for FY 2015, 2016, and 2017.

Administrative Rule of Montana (ARM) and MCA Compliance Items

The following sections are areas OPI would like auditors to review compliance with a specific rule or statute. This list is not exclusive as other items can be reviewed as deemed appropriate by the auditor. The ARMs can be located at <http://mtrules.org/gateway/department.asp?DeptNo=10> and MCA is located at http://leg.mt.gov/bills/mca_toc/index.htm.

Pupil Transportation and Standards for School Buses

ARM 10.7.104 Claim Procedure

Please review compliance with sections (1) (a) and (2) (a) specifically ensuring counties have signed and completed copies of transportation claims on file.

ARM 10.7.111 Bus Driver Certification Requirements for Reimbursement

Please review compliance with all sections of this rule specifically ensuring all bus driver certification requirements are met particularly in reference to first aid, CPR, and new bus driver information.

ARM 10.7.112 Requirements for Bus Transportation for Eligibility for State Reimbursement

Please review compliance with section (10) of this rule specifically ensuring transportation claims submitted are not for transportation to alternative sites.

ARM 10.64.201 School Bus Driver Qualifications

Please review compliance with all sections of this rule specifically ensuring all bus driver requirements are documented and met which includes a criminal history background check.

Standards for School Buses – Mandatory Bus Driver Training

MCA § 20-10-111 (Duties of board of public education) requires the Board of Public Education establish school bus policies which are addressed with the Montana School Standards. The standards are located on the OPI website at <http://opi.mt.gov/pdf/PupilTransport/12ProposedBusStandards.pdf>.

Please ensure compliance with Section VI. Operational Standards #4 (B) (a) specifically ensuring bus drivers are provided with 10 hours of applicable in-service training hours annually.

For information regarding pupil transportation please visit the OPI website at the following link:

http://opi.mt.gov/Programs/SchoolPrograms/Pupil_Transportation/index.html. For any additional information, contact Donell Rosenthal at drosenthal@mt.gov or (406) 444-3024.

Special Accounting Practices

ARM 10.3.303 Cost Allocation between Districts

Please review compliance with all sections of this rule specifically ensuring administrative costs are assigned using the allowed allocations in rule and have defensible allocations to each fund especially the transportation fund which has a 50% county match levied to tax payers.

ARM 10.10.304 Student Extracurricular Activity Funds

Please review compliance with all sections of this rule specifically ensuring funds in extracurricular activities are not subsidizing other funds.

ARM 10.10.306 Bank Accounts or Other Depositories

Please review compliance with all sections of this rule specifically ensuring counties do not have offsite bank accounts not allowed in rule.

ARM 10.10.615 Internal Controls and Accounting Records

Please review compliance with all sections of this rule specifically ensuring accounts are reconciled, investment accounts are properly accounted for, and no single person controls an accounting transaction from beginning to end.

For information general accounting practices please visit the OPI website at the following link: http://opi.mt.gov/Finance-Grants/SchoolFinance/Index.html#gpm1_2. For any additional information, contact Steve Hamel at shamel@mt.gov or (406) 444-0783 or Kathleen Wanner at kwanner@mt.gov or (406) 444-9852.

Student Enrollment and Average Number Belonging (ANB)

MCA § 20-9-311/ARM 10.20.102 Calculation of Average Number Belonging (ANB)

Please review compliance with all sections of this statute and rule specifically ensuring counts are completed on the correct days indicated in rule and the counts are accurately reported. Also, please make sure districts meet the minimum of educational instruction aggregate hours.

For information regarding this section, please visit the OPI website at the following link: http://opi.mt.gov/Finance-Grants/SchoolFinance/Index.html#gpm1_7. For any additional information, contact Nica Merala at nmerala@mt.gov or (406) 444-4401.

State Tuition and State Placement

MCA § 20-5-320 Attendance with discretionary approval.

Please review compliance with sections (2 – 5) of this statute specifically ensuring attendance agreements are completed with signatures, on file, and shared with the appropriate district.

MCA § 20-5-324 Tuition report and payment provisions

Please review compliance with sections (5 – 7) of this statute specifically ensuring tuition payments charged follow the limitations in law. Please pay special attention to section (5)(iii) which limits the amount a levy can impose for educating a child with disabilities. To assist districts with the calculation of the levy amount, a calculator to assist in this effort is available at http://opi.mt.gov/Finance-Grants/SchoolFinance/Index.html#gpm1_19. Districts can levy actual cost in the year after attendance or estimate in the year of attendance. If there is a levy in the year of attendance, districts need to recalculate the levy at the end of the year and adjust the next year's levy accordingly. Please verify that districts using this calculation have: 1) calculated on a per-student basis (rather than total special education cost); and 2) that any estimated levy was recalculated at the end of the year and 3) an appropriate adjustment was made to the following year's levy.

MCA § 20-9-707 Agreement with Montana youth challenge program or accredited Montana job corps program.

Please review compliance with all sections of this statute specifically ensuring agreements are in place for all students in the ANB calculation in these programs.

ARM 10.20.106 Students Placed in Education Programs

Please review compliance with section (5) specifically ensuring students in day treatment programs or county detention programs are not included in the ANB calculations.

If you have any questions please visit the OPI website at http://opi.mt.gov/Finance-Grants/SchoolFinance/Index.html#gpm1_19 or contact Nicole Thuotte at (406)-444-4524 or nthuotte@mt.gov.

Thank you for your time and consideration in these areas. If you have any questions or concerns, please contact Kara Sperle at (406)-444-3249 or ksperle2@mt.gov.

Appendix A

Other Supplemental Information
Enrollment / ANB Schedule

Students Grade K – 8

Full-Time Students:

Fall Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day			
Kindergarten Full Day			
Grades 1-6			
Grades 7-8			
Spring Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day			
Kindergarten Full Day			
Grades 1-6			
Grades 7-8			

Part Time Students:

Fall	Per MAEFAIRS Reports Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half									
K-Full									
1-6									
7-8									
Spring	Per MAEFAIRS Reports Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half									
K-Full									
1-6									
7-8									

Students Grade 9 – 12:

Full-Time Students:

Fall Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12			
19-year olds included			
Job Corps			
Youth challenge			
Spring Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12			
19-year olds included			
Job Corps			
Youth challenge			
Early Graduates			

Part Time Students:

Fall	Per MAEFAIRS Reports Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
9 - 12									
Spring	Per MAEFAIRS Reports Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
9 - 12									