



2023-2024 Audits of Local Schools

Memorandum to Auditors of Idaho's Public School Districts and Charter Schools

This memo outlines changes from prior years as well as providing guidance and reminders on a few of the major areas that each auditor should be reviewing and testing during audits of Idaho's public schools.

Auditor's Letter of Assurance

All auditors of Idaho public schools are requested to review and sign the accompanying Letter of Assurance for audits conducted on FY 2024 data. This letter acknowledges and assures that select topics contained in this memo are being reviewed during the FY 2024 review cycle. A copy can be requested by contacting Andrew Konopacky (School Finance) at (208) 332-6846 or akonopacky@sde.idaho.gov.

State Review of Audit Work Papers

This summer department staff will sample Local Education Agency's (LEA) audits for a more in-depth review of the audit tests and processes that were used to develop the audit report. This review will focus on the topics emphasized in this memo and that are being assured through the Letter of Assurance. This review will give us the opportunity to review testing procedures and generate better guidance and feedback for auditors going forward.

STATE PROGRAMS

State Foundation Program

Public schools receive the majority of their General M&O revenues through the State Foundation Program. The amount received is based on attendance and staffing information supplied by the public schools through Idaho System for Educational Excellence (ISEE) reporting during the year. This information, used to distribute over \$2 billion dollars to schools, is available on a secure School Finance website. Please see the school Superintendent or Charter School Administrator for the site and access information. *We are requesting that auditors verify the accuracy of attendance and staffing data submitted via ISEE.*

Attendance

The department requests that auditors review how public schools submit attendance data. This review should include testing of the submitted attendance data and confirmation that schools are reporting in compliance with department guidelines and State Board Rules and Regulations. Attendance reports will be posted to the School Finance secure website on July 15. Please work with the LEA's Superintendent or Administrator to access these reports.

A copy of the *Attendance and Enrollment Manual* can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Under *General Files - Manuals*)

More information about the testing process can be found in the supplemental State Compliance Summary. If you have questions on attendance reporting, please contact Dean Reich (School Finance) at (208) 332-6983 or dreich@sde.idaho.gov.

Staffing - General

The department requests that auditors review and test the staffing data submitted via ISEE to the Public School Finance. This staffing data is used to calculate Salary Based Apportionment. The review should include testing of all certified employed staff, their educational credentials, and their corresponding assignments, and confirmation that school district and charter schools are in compliance with department guidelines and State Board Rules and Regulations. The data should reflect a "snapshot in time," which is the last Friday of September, and subsequently captured in the November upload for the midterm reporting period. Final staffing reports will be posted to the School Finance secure website on July 15. Please work with the Superintendent or Administrator to access these reports.

More information about the testing process can be found in the supplemental State Compliance Summary. A copy of the *Staff Data Guidance Manual* can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Under *General Files - Manuals*)

If you have questions on the reporting of the staffing information, please contact Alexandra McCann (School Finance) at (208) 332-6845 or amccann@sde.idaho.gov.

Staffing – Salary Based Apportionment

Auditors should verify the placement of certified staff on (1) the education and experience multiplier table for administrators and (2) the career ladder for instructional and pupil services staff based on supporting documentation such as performance evaluations. Auditors should also verify that the correct individuals are being funded for education allocations as well. This review should include verification of transcribed credits and degrees in compliance with Idaho Code 33-1004A and 33-1004B. The data should reflect a "snapshot in time," which is the last Friday of September, and subsequently captured in the November upload for the midterm reporting period. Final staffing reports will be posted to the School Finance secure website on July 15. Please work with the Superintendent or Administrator to access these reports.

More information about the testing process can be found in the supplemental State Compliance Summary. A copy of the *Staff Data Guidance Manual* can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Under *General Files - Manuals*)

If you have questions on the reporting of the staffing information, please contact Alexandra McCann (School Finance) at (208) 332-6845 or amccann@sde.idaho.gov.

Student Transportation

The department requests auditors review internal control procedures to confirm that reimbursable costs, as well as miles, have been reported properly and consistently on the Student Transportation Reimbursement Claim. The department also requests that auditors review bus purchasing and transportation contract solicitation which should follow Idaho Code (67-2806, 672803, 67-2807, 67-2327, 33-402 and 33-601) as well as the handling of any depreciation allowance and fuel excise tax refunds, and confirm schools are reporting in compliance with department guidelines and State Board Rules and Regulations. Funds received for bus depreciation should be placed in a separate fund (Fund 424) as required by the Standards for Idaho School Buses & Operation, which can be reviewed on the department website. The amount to be reported in Fund 424 should be approximately 85% of the total amount reported on line 69 Depreciation Allowance on the Student Transportation Reimbursement Claim.

More information about the testing process can be found in the supplemental State Compliance Summary. If you have questions relating to transportation issues, please contact Zane Cliver (Student Transportation) at (208) 332-6856 or zcliver@sde.idaho.gov.

School Facility Maintenance

Idaho Code 33-1019 requires all school district and charter schools that own or have a lease-purchase agreement to allocate or spend 2% of the replacement value of student-occupied square footage for qualifying school building maintenance. If the required amount is not expended, the difference must be reserved for future qualifying repairs and maintenance. The reserved funds may not be used to reduce the following year's allocation amount.

A copy of the *School Building Maintenance Guidance* can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Under *General Files - Manuals*)

If you have any questions on school building maintenance as it relates to Idaho Code 33-1019, please contact Andrew Konopacky (School Finance) at (208) 332-6846 or akonopacky@sde.idaho.gov.

Internet-Based Expenditure Website

Idaho Code 33-357 requires that school districts and charter schools submit their expenditures and revenues on a schedule set by the Idaho State Board. This schedule is set quarterly (October, January, April, July). Full implementation and compliance of this requirement is required by all LEAs for the 2023-2024 school year and going forward.

If you have any questions regarding the internet-based expenditure website, please contact the State Controller's Office at registry@sco.idaho.gov.

If you have any questions regarding data reporting or submission, please contact the State

Education Data Systems Reporting Manager at (208) 332-6937.

Driver Education

The Department's Driver Education Program Coordinator recommends that auditors review financial reports for state reimbursement funds, actual program costs, and student records related to driver education. A dedicated driver education account will be transparent. Only eligible students may be claimed for reimbursement. Student fees must be received by the provider requesting reimbursement. The provider requesting reimbursement must retain required program records; curriculums guide, policies, student records (including driving logs), instructor records, maintenance and vehicle records. All student and teacher records should be secured and retained for a minimum of five (5) years. Any school district or charter school contracting a driver education program valued in excess of twenty-five thousand dollars (\$25,000) in a fiscal year must procure such services in accordance with Idaho Code 67-2801 through 67-2809. All program records must comply with department instructional, statutory, and regulatory requirements.

If you have any questions regarding Driver Education, please contact Benjamin Puga (Driver Education) at (208) 332-6984 or bpuga@sde.idaho.gov.

Purchasing

The department recommends auditors include a purchasing compliance review to ensure schools have adequate purchasing procedures in place and that purchases are being appropriately reviewed and authorized. Idaho Code 33-601(2) requires that all purchasing contracts, with the exception of the purchase of curricular materials, comply with the provisions of chapter 28, title 67 of Idaho Code. These provisions specify purchasing requirements for all political subdivisions in the state of Idaho, including public schools. Unless specifically exempted, political subdivisions have the option to utilize statewide contracts executed by the State Division of Purchasing. Questions can be directed to the Division of Purchasing at (208) 332-1603 or to the Department's Director of Policy and Procurement, Kristine Moriarty, at (208) 332-6877.

Idaho Financial Accounting Reporting Management System (IFARMS) Chart of Accounts

Each public school is required to submit an annual financial report using the Idaho Financial Accounting Reporting Management System (IFARMS) as its Chart of Accounts. *It is very important that revenues and expenditures be reported accurately using the revenue and expenditure coding structure established by the department and that coding is reviewed during the auditing process to ensure the collection of uniform data from Idaho's public schools.*

Changes to IFARMS Chart of Accounts for FY 2024

Please refer to the *IFARMS Manual* for additional guidance on the following fund and function

codes.

Fund 265 (IDEA Mini-Grants) was added for non-formulary IDEA Part B funds such as for professional development and targeted technical assistance.

Fund 435 (School District Facilities Property Tax Relief Fund) was added as a resource for school districts to reserve unused funds distributed to it pursuant to Idaho Code 33-911.

Function Code 624 (Books and Periodicals) was added to support state reporting requirements for (Federal) National Center for Education Statistics (NCES) Surveys. *When coding books and periodicals used for Special Education, or other expenditure categories with a Maintenance of Effort requirement, please prioritize the MOE coding to avoid any decrease in MOE expenditures.*

A copy of the IFARMS Chart of Accounts can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Select the appropriate year group under *Budget Forms and Information*)

A copy of the *IFARMS Manual* can be found on the department's website: <https://www.sde.idaho.gov/finance/> (Under *School Level Finances – Financial Information – IFARMS Annual Financial Report Information*)

If you have questions on the IFARMS Chart of Accounts or reporting/recording of revenues and expenditures, please contact Andrew Konopacky (School Finance) at (208) 332-6846 or akonopacky@sde.idaho.gov.

Summary of State Payments made as of July 15, 2024

A worksheet summarizing all state payments sent to LEAs in FY 2024 will be posted to the School Finance portion of the department's website after July 15. The worksheet can be found by going to: <https://www.sde.idaho.gov/finance/> (Under *School Level Finances – Financial Information – Financial Reports*)

Annual Financial Report Due October 31, 2024

All annual financial reports must be submitted via the ISEE data collection process. The upload window for annual financial reports opens August 4 and all reports are due no later than October 31. LEAs will upload a single file through the *Annual Finance Report* application on ISEE. Contact your school's ISEE Data Personnel or Regional ISEE Technology Coordinator for more information on the process.

Audit Report Due November 10, 2024

Idaho Code 33-701(6) requires audit reports be filed with the department after the report's acceptance by the board of trustees but no later than November 10. Idaho Code 33-701(6)

states that if the department has not received the audit report by November 10, the department may withhold the school district or charter school's November 15 distribution until the audit report has been received. The November 15 payment makes up approximately 20% of the state funding for the school year. Idaho Code 67-450B sets forth the minimum audit requirements for all local government entities, which includes both school district and charter schools. Idaho Code 67-450B can be viewed on the Idaho Legislature's website.

Audit reports should be submitted in PDF format to Andrew Konopacky (School Finance) at akonopacky@sde.idaho.gov.

FEDERAL PROGRAMS

General Federal Guidelines

Auditors should review federal grants for compliance with OMB's 2 CFR (outlines cost principles associated with federal grants) and to the Common Rule (details the reporting requirements). Audits should be conducted in accordance with the Yellow Book and the Single Audit Act, if appropriate.

If you have any questions relating to the auditing of federal funds, please contact Andrew Konopacky (School Finance) at (208) 332-6846 or akonopacky@sde.idaho.gov to be directed to the appropriate Federal staff coordinator.

Some of the policies and procedures on Federal grants must be in writing: Procurement (2 C.F.R. § 200.318), Cash Management (2 C.F.R. § 200.302 (6)), Code of Conduct (2 C.F.R. 200.215.42) and Allowable Costs (2 C.F.R. § 200.302 (7)). Purchasing procedures should include child nutrition requirements set forth in [7 CFR 210.21](#) and use state and federal guidelines for micro, small purchase, and large purchase procedures (whichever is most restrictive). The department has provided guidance that can be found on the department website: <https://www.sde.idaho.gov/federal-programs/funding/> (New Uniform Grant Guidance).

USDA Child Nutrition Program

It is important that auditors review the internal control procedures for the handling of allowable and unallowable expenditures of USDA Child Nutrition Funds. This includes, but is not limited to, clearly documenting the transferring in and out of funds relevant to the USDA Child Nutrition programs. In addition, assurance that federal reimbursement revenue and daily cash receipts received by food service are accruing to a separate child nutrition program account. Any utilities charged to the Child Nutrition program must be on a separate meter and they cannot be proportionately allocated. All staff not allocated 100% to Child Nutrition must have a time and effort report. Procurement should be conducted following 2 CFR 200, which includes prior approval for capital purchases (equipment, software) over \$5,000. Sufficient tests should be included in your review to detect errors and prevent irregularities and ensure that USDA regulations 7 CFR 210.14, 7 CFR 226.6, 7 CFR 226.7(g), 7 CFR 250.59 and FNS 796.2 (revision 4)

are being followed. Income and expenditures should be separated by Child Nutrition Program, such as School Lunch, At Risk Suppers in CACFP, Fresh Fruit and Vegetable Program, etc.

If you have any questions relating to the USDA Regulations, please contact Child Nutrition at (208) 332-6821.

Costs of building a kitchen are not to be charged to the child nutrition fund (Fund 290) and should be covered by general or capital improvement funds just as the school building and its contents should be.

Per Idaho Code 63-3622J and Sales Tax Rule 41, meals served as part of the federal school lunch program are exempt from Idaho sales tax. Based on the statute and rule, if the items purchased would not be covered under the Federal school lunch program those items would be taxable including second meals or individual items paid for separately from the federal school lunch program. Non-program Foods (Adult Meals, Child 2nd Meals, A la Carte, and anything that is not reimbursed by USDA) should be recorded and paid under the Sales Tax rule by schools.

Distribution of Federal Dollars

All Federal dollars distributed by the department are on a reimbursement basis. The dollars are requested through the Grant Reimbursement Application (GRA) or for child nutrition meal claims, MyIdahoCNP. Child nutrition dollars must be deposited to Fund 290.

Federal Program Identification

Under 2 C.F.R. 200-302 districts must track the Assistance Listing Numbers (ALN), formerly known as Catalog of Federal Domestic Assistance (CFDA), related to Federal programs, projects, services, and activities that provide assistance or benefits to the American public. The CFDA title and number and federal identification number and year, name of the federal agency for both monitoring and reporting of program performance. The federal program award identification should be current, and accurately identified on their Financial Management/Accounting Systems for each Federal award or program in accordance with 200.327 and 200.328 including audit reports. For example, LEA's have misreported and identified Special Education IDEA Part-B Individuals with Disabilities Education Act funds as Title VIB funds. In the year 2001, Special Education was renamed IDEA Part B. Simultaneously, The No Child Left Behind Act of 2001 (NCLB, P.L. 107-110) established the Rural Education Achievement Program (REAP) under Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA). Congress created this program to address the unique needs of rural schools that disadvantage them relative to nonrural schools. Many LEAs in Idaho may receive the REAP grant directly through the U.S. Government (not through the department). Labeling Special Education Funds as Title VIB is misrepresenting and misidentifying programs, and must be updated in your budgets, board reports, and financial statements and audits, including the SEFA.

If you have any questions, please contact Lisa Pofelski-Rosa (Special Education) at

(208) 332-6916 or lpofelskirosa@sde.idaho.gov.

Pandemic Relief Funds

Elementary and Secondary School Emergency Relief (ESSER) Funds should be reported under their assigned fund numbers. Funds received for the purpose of the pandemic should be reported separately from other Federal funds.

For Pandemic Relief Fund reporting, auditors should review that schools are reporting their funds according to the correct IFARMS fund number:

Pandemic Relief Fund Act	Grant Name	IFARMS Fund Number
CARES Act	ESSER I	252-00x
CRRSA Act	ESSER II	254-00x
ARP Act	ESSER III	250-00x
ARPA IDEA	ESSER III IDEA	259-00x

Subawards from the same Federal award must be reported in the corresponding fund, for example, ESSER II State Set Aside in 254-002.

Coronavirus Relief monies should be reported using an unassigned fund number from Fund 271-289 Federal Special Projects.

If you have any questions, please contact Lisa English (Federal Programs) at (208) 332-6911 or lenglish@sde.idaho.gov.

English Learners

The English Learners program recommends that auditors review evidence that schools are verifying English Learner proficiency status reported in the English Learner Management System (ELMS). Idaho Code 33-1617 requires that moneys distributed to schools based upon the population of English learner (EL) students and distributed to schools to support programs for students with non-English or limited-English proficiency shall be utilized in support of the school's plan. Only eligible students may be reported in ELMS for this distribution.

If you have any questions regarding English Learners, please contact Maria Puga (Federal Programs) at (208) 332-6905 or mpuga@sde.idaho.gov.

American Rescue Plan Act (ARPA) IDEA Part B School Aged and Preschool Aged Financial/Cash and Program Management

In fiscal year 2022-2023, new IDEA Part B grants were awarded through the American Rescue Plan Act (ARPA). The state created fund 259 to hold both the IDEA Part B School Aged 611 funds and the ARPA Preschool 619 funds. The accounting should differentiate by function code using the 521 School Aged or 522 Preschool, and 616 for noninstructional. Both awards fall under the revenue code 445600. Use another accounting system identifier to separate the revenue within

fund 259. The CFDA numbers for your Schedule of Expenditures of Federal Awards are 84.027X for School Aged grants, and 84.173X for Preschool grants. Treat as supplemental IDEA Part B funding and apply all IDEA Part B assurances and fiscal requirements, including supplement, not supplanting provisions. These funds expired 09/30/2023.

If you have any questions, please contact Lisa Pofelski-Rosa (Special Education) at (208) 332-6916 or lpofelskirosa@sde.idaho.gov.

IDEA Part B and Preschool Financial/Cash and Program Management

For IDEA Part B School Aged 611 funds (Fund 257) and Preschool 619 funds (Fund 258), auditors should review that schools are minimizing the time elapsed between transfer of funds and disbursements, per 31 CFR Part 205. The department recommends that schools make monthly, and no later than quarterly, reimbursement requests. Use Revenue code 445600 for Funds 257 and 258.

Fund 257 must use function/program code 521 for instructional related services, and 616 for noninstructional support services. Fund 258 must use function/program code 522 designated specifically for preschool aged 3-5 instructional expenditures, and 616 for preschool aged noninstructional support services. Preschool funding as IDEA Part B 619 may be used for kindergarteners that are age 5. LEAs do not need to offer a preschool program in order to utilize the IDEA part B preschool funding.

LEA expenditures and use of funds must align with the provisions set forth under IDEA Title 34 Code of Federal Regulations Part 300, 2 CFR Part 200 EDGAR -Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 34 CFR Part 80 Uniform Administrative Requirements for Grants and Cooperative Agreements, 34 CFR Part 74 Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations, 2 CFR Part 180 – OMB Guidelines to agencies on Government-wide Debarment and Suspension (non-procurement), and 2 CFR Part 3485 Non-Procurement Debarment and Suspension.

Districts receive payment from the department on a cost reimbursement basis, as no advances are allowable under department policy. Therefore, any IDEA Part B and or Preschool program expenditures should have a corresponding revenue match, if reimbursement requests are performed timely, at the end of the fiscal period the account balance of IDEA Part B and Preschool federal awards should have an ending fund balance of net zero. This information and the net zero amount should therefore be accurately reflected on the Combining Statement of Revenue and Expenditure as required supplementary information for federal programs, and the program should not carry a beginning balance into the next fiscal year. Other key references: 2 CFR 200-302-303, 305 Financial Management, Internal Controls, and Payments.

If you have any questions, please contact Lisa Pofelski-Rosa (Special Education) at (208) 332-6916 or lpofelskirosa@sde.idaho.gov.

Medicaid and Maintenance of Effort Special Education

Medicaid School-Based Services (SBS) are health-related and rehabilitative services provided to children with disabilities who receive services under the Individuals with Disabilities Education Act (IDEA). These services are provided by school districts and charter schools and are considered medically necessary for children to participate in their educational program. Medicaid SBS are determined by the student's IEP Team and must have a recommendation/order by a physician or other licensed practitioner of the healing arts, assuring that the services are medically necessary for Medicaid reimbursement. Medicaid SBS billable services include medical or remedial services provided by LEAs or other cooperative service agencies, as defined in Idaho Code Section 33-317 and IDAPA 16.03.09. Eligible services and claims are reimbursed on a set fee schedule.

While schools are legally liable to provide IDEA special education and related services at no cost to eligible students, Medicaid reimbursement is available allowable health-related services because section 1903(c) of the Act requires Medicaid to be primary to the U.S. Department of Education for payment of the health-related services provided under IDEA. The Office of Special Education Programs (OSEP) issued Memo 15-10: Issuance of Guidance on the Final Local Educational Agency (LEA) Maintenance of Effort (MOE) Regulations under Part B of the Individuals with Disabilities Education Act (IDEA) to provide regulation guidance regarding Medicaid State/local match and MOE. Per OSEP Memo 15-10, LEAs must include the amount of local only or State/local funds spent for the education of students with disabilities when calculating the level of effort required to meet the eligibility and compliance standards, even if those local only or State/local funds are also used to meet a matching requirement in another Federal program.

There are frequent occurrences of Medicaid reimbursable expenditures and revenues not being correctly accounted for as they relate to LEA Maintenance of Effort under IDEA. Each Medicaid claim processed requires matching funds be paid from a non-federal source.

34 CFR §300.203 states "The amount of local, or state and Local funds expended for the education of children with disabilities, is the amount of funds that establishes the level of expenditures to be maintained from year-to-year and establishes the MOE level."

The department requires that the exact matching funds used to process reimbursement claims be accounted for in the IDEA Part B Application in Section II of Maintenance of Effort. Medicaid Match is an expenditure, is included in your calculation of Maintenance of Effort, and should be budgeted for in the IDEA Part B application, and in your General Ledger (GL).

2 CFR 200.306 (b). "[A]ny shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-federal entity's cost sharing or matching."

If schools prepay match and maintain a trust account balance with the Department of Health

and Welfare, it is recommended they record any balances as a prepaid asset on your GL. They should reconcile their prepaid asset account with their Health and Welfare statements, for any interest earned, less any match used for reimbursements. This will also allow for LEAs to clearly identify match used. Only match used for processing claims is reported as an expenditure line item in the IDEA Part B application towards MOE.

Since Idaho's State Medicaid Plan considers Medicaid a cost reimbursement program, costs associated with the claiming of Medicaid funds including third-party administrator billing such as Medicaid Admin Fees, are NOT chargeable to MOE and should be accounted for somewhere other than fund 260 or function code 521, 522, or 616. Treat it like a fee; example 100-651315 or 100-651310. Billing for Medicaid reimbursements is not considered a direct required cost under IDEA and is not therefore an allowable cost under IDEA programs.

The School-Based Medicaid fund code 260 should be used to ensure that Medicaid reimbursable expenditures are not commingled with general funds. Use Revenue code 445900, and record the entire reimbursement claim against the federal revenue code.

The Medicaid fund 260 should have an ending fund balance of net zero. This information and the net zero amount should be accurately reflected on the Combining Statement of Revenue and Expenditure and the program should not carry a beginning balance into the next fiscal year. If Medicaid fund 260 expenditures exceed revenue, expenditures should be moved to Maintenance of Effort accounts, unless MOE has been met, and federal funds are still available in IDEA Part B.

Pay close attention to how these types of expenditures are being accounted for and ensure that only the net amount of the expenditures, less any Medicaid reimbursement, are being included in the function/program codes that are examined for MOE purposes.

If you have any questions, please contact Lisa Pofelski-Rosa (Special Education) at (208) 332-6916 or lpofelskirosa@sde.idaho.gov.

Time and Effort Reporting

2 CFR § 200.430 - Compensation—personal services. All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed to support the distribution of the employee's salary or wages among specific activities or costs objectives. This is a requirement under the Education Department's (ED's) Cost Allocation Guide (see section VI: Time Reporting Requirements).

One of the most common questioned costs in audits of federal programs is the absence of effective policies and procedures to ensure that personnel costs are charged to federal grants and programs in compliance with the time and effort reporting requirements of OMB's Uniform

Administrative Requirements and ED's Costs Allocation Guide. Schools and their auditors should be aware of those requirements and should take the necessary steps to ensure that their time distribution systems are in compliance with those requirements.

It is critical for payroll charges to match the actual distribution of time recorded. If using budget estimates, the LEA must periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees' time-and-effort records. Failures to propose, manage, and certify effort correctly could jeopardize the district's federal funding and lead to penalties/reversal of funding for the district (repayment of the unallowable costs).

Recommendation: If the difference between the actual and budgeted amounts is 10% or greater, the LEA should adjust its accounting records at least quarterly. If the reconciled difference is less than 10%, the LEA should adjust the accounting records at least annually. But in both cases, the accounting records must be adjusted to reflect actual time-and-effort records.

Policies and procedures that do not meet those requirements should be reported as an audit finding. The state has provided guidance on this issue that can be found at <http://www.sde.idaho.gov/federal-programs/funding/index.html> (Fiscal Compliance Tab)

If you have any questions relating to Time and Effort Reporting, please contact Stacie Rekow (Title I Coordinator) at (208) 332-6891 or Kateryna Dyer (Federal Programs) at (208) 332-6900 or Lisa Pofelski-Rosa (Special Education) at (208) 332-6916 or lpofelskirosa@sde.idaho.gov.

GENERAL INFORMATION

Budgeting

Budget forms and schedules can be viewed on the department's website in the Budget Forms and Information section at <http://www.sde.idaho.gov/finance/>. Schools must also follow State Board Rules and Regulations as well as reporting guidelines established by the department.

If you have any questions about the budgeting process, please contact Carol Piranfar (School Finance) at (208) 332-6844 or clpiranfar@sde.idaho.gov.

School Level Expenditure Reporting

The Every Student Succeeds Act (ESSA) was signed into law in 2015. Part of this act is a requirement for all states to report per-pupil expenditures at the school level. Expenditures must be reported at the school level for all funds. We know that some expenditures are easily identifiable as school level expenditures, such as the salaries and benefits of teachers and other staff assigned to a particular school. Other expenditures are more difficult to allocate, including school administration costs, business program costs, transportation costs and child nutrition costs. We are asking schools to allocate their expenditures to the best of their ability. Costs that aren't allocated directly to a building by the school district or charter school will be

aggregated and allocated by the Idaho Department of Education (the department) to each building using enrollment. This allocation will be done for fiscal report card purposes only.

Special Distributions

Various special distributions were included in the FY 2024 public school appropriation. A PDF document summarizing these distributions can be found with the 2023-2024 budget forms at <http://www.sde.idaho.gov/finance/> (Under *Budgets - Supporting Documents and Forms*)

Single Audit Report

The Division of Financial Management (DFM) has historically facilitated the tracking of total federal dollars paid to sub-recipients by all state agencies and made this information available to the public through the annual STARS Single Audit Report.

Beginning in FY 2024, the State of Idaho adopted a new accounting system (LUMA) and DFM will no longer be generating this report. At the time this memo was written, Single Audit Reports for FY 2023 and earlier can still be generated through the DFM website, <https://dfm.idaho.gov/singleauditv2/>.

We anticipate that a similar style of report will be available for FY 2024 through the State Controller's Office (SCO) on its Transparent Idaho website, <https://transparent.idaho.gov/>. The Single Audit Report has historically been published in late August. Public School Finance will distribute further information as we receive it.

General Fixed Assets

Various payments to the schools are done using computations including fixed asset dollar amounts. The fixed asset information included in the notes to the financial statements should be separated into elementary, secondary, and administrative fixed asset dollars for these computations to be accurate. It would also be helpful to have this information further separated by asset type, including buildings, equipment, transportation, etc.

Coding of Tax Receipts

Please review the coding of tax receipts collected by the school for proper fund and revenue account coding.

Miscellaneous State Grants

Schools receive miscellaneous state grant monies that should be reviewed to ensure the dollars are expended in accordance with the school's approved applications.

Training Opportunities

There are several opportunities during the year to learn more about school finance.

- The Idaho Association of School Business Officials (IASBO), in cooperation with Public School Finance, presents a New School Finance workshop in February or March. This full-day workshop is often referred to as School Finance 101. For further information, please see the IASBO website at <https://www.idahoasbo.org/>.
- Public School Finance holds a monthly webinar on the first Wednesday of each month August through June. For more information, please contact Amber Worthington (School Finance) at (208) 332-6829 or aworthington@sde.idaho.gov.
- IASBO also holds an annual conference in late June. This two-day workshop features concurrent sessions pertaining to issues facing Idaho's public schools. For more information, please see the IASBO website at www.idahoasbo.org.
- The department's website at www.sde.idaho.gov has a wealth of information. Specifically, the School Finance website at <http://www.sde.idaho.gov/finance/> has manuals, forms, and statistical information.

The School Finance staff, as well as all department staff, encourage you to call or email any questions you may have. School Finance can be reached at (208) 332-6840 and the general Idaho Department of Education telephone number is (208) 332-6800.

For Questions Contact

Public School Finance
Idaho Department of Education
650 W State Street, Boise, ID 83702
208 332 6840 | www.sde.idaho.gov