

PROGRAM 5 – PUBLIC SCHOOL FUNDING PROGRAM

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

I. PROGRAM OBJECTIVES

The objective of the Public School Funding Program is to provide State operating funds to school districts for the education of all school age children enrolled in public schools in Alaska.

II. PROGRAM PROCEDURES

The Department provides funds to public school districts in accordance with the procedures outlined in AS 14.17. These funds are distributed to school districts in scheduled payments throughout the fiscal year.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirement:** Funds can be expended for the administration and operation of the district's educational programs for elementary and secondary students. Funds must be expended, budgeted, and accounted for in accordance with requirements established in AS 14.17.520 and 4 AAC 06.120, and the policies and procedures established by the local school district.

Suggested Audit Procedures:

- a) Test transactions to determine whether expenditures were spent for public education purposes; and
- b) Test transactions to determine whether expenditures are classified in accordance with the Alaska Department of Education & Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts.

B. ELIGIBILITY -

1. **Compliance Requirement:** Each public school district in Alaska is eligible to receive funds from the State in accordance with the requirements and procedures established by AS 14.17. The eligibility requirements and guidelines are available from the Alaska Department of Education & Early Development, Division of School Finance.

Suggested Audit Procedures: None.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

Compliance Requirement: State funds to city or borough school districts shall be reduced pursuant to AS 14.17.410.

Suggested Audit Procedures:

- a) Review the appropriation for compliance with AS 14.17.410 (b)(2), (c), (d), and (f), and as further defined in AS 14.17.990(6) and 4 AAC 09.990(b).

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- b) Review the local revenues to ensure they meet the criteria as defined in the Alaska Department of Education & Early Development Uniform Chart of Accounts regarding local appropriations, investment on earnings, in-kind services or other local; and
- c) Review policy for lapsed funds from the city for compliance with local revenue and compliance with GAAP.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirement:** AS 14.17.500 requires each public school district to submit by November 5 an estimate of its average daily membership and other student count data for the succeeding fiscal year. In making this estimate, the district is to consider its average daily membership (ADM), other student count data, the pattern of growth or decline of the student population in preceding years, and other pertinent information available to the school district.

Suggested Audit Procedures:

- a) Review procedures for preparing the report to evaluate adequacy; and
- b) Review the report for completeness and timeliness of submission.

2. **Compliance Requirement:** As per AS 14.17.600, within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each public school district shall transmit a report to the Department that reports its average daily membership for that counting period, along with other student count information needed to determine state foundation aid.

Suggested Audit Procedures:

- a) Review procedures for preparing the report to evaluate adequacy;
- b) Review the report for accuracy and timeliness of submission;
- c) Trace data back to the supporting documentation, which may include proof of enrollment date (for newly enrolled students in the current fiscal year), entry type, attendance records, student record files, and full-time equivalent (FTE);
- d) For those schools reporting 10-16 ADM or 101-110 ADM, test supporting documentation for accuracy and reliability.

E. SPECIAL TESTS AND PROVISIONS -

1. **Compliance Requirement:** All funds in the year-end fund balance of a district's school operating fund are subject to the 10 percent limit of AS 14.17.505(a) except for funds that are categorized in 4 AAC 09.160(a).

Suggested Audit Procedures:

- a) Review the fund balance subject to the 10 percent limit and determine the percentage total this fund balance represents of that fiscal year's expenditures; and
- b) Review all transfers to determine that they were reasonable.

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2. **Compliance Requirement:** Per 4 AAC 06.120 (4), the Student Data Reporting Manual provides each public school district with regulatory guidance on enrollment, attendance, student records, and average daily membership.

Suggested Audit Procedures:

- a) Inquiry with responsible individual(s) regarding the process and procedures used for training staff on OASIS, as well as methods used to understand the documentation for accurate enrollment and data reporting;
- b) Test the school district's internal controls over the student data accounting system, including enrollment and attendance; and student record files for compliance with the reporting requirements as outlined in the manual.