

DEED PROGRAM 5 – PUBLIC SCHOOL FUNDING PROGRAM

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 calculated based on the district's average daily membership (ADM) determined during a 20-school-day count period ending the fourth Friday in October and are distributed to school districts, to be reported in their operating fund, in scheduled payments throughout the fiscal year.

One time funding awards, in place of or supplemental to a BSA increase, are subject to the same requirements as annual funding in accordance with the funding formula.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

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 budgeted, expended, and accounted for in accordance with requirements established in 4 AAC 06.120, and the policies and procedures established by the local school district.

Suggested Audit Procedures: Test a sample of transactions to determine whether expenditures were spent for public education purposes and are classified in accordance with the Alaska Department of Education & Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts (DEED Chart of Accounts).

B. ELIGIBILITY -

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.

Suggested Audit Procedures: The auditor is not expected to test for eligibility.

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

Compliance Requirement: City or borough school districts must fund its required local contribution every fiscal year pursuant to AS 14.17.410.

Suggested Audit Procedures:

Test accounting records to ascertain that actual appropriations made by a city or borough to its school district were equal to the required local contribution, as approved by DEED, for the year under audit; and that lapsed local appropriations returned to the city or borough by the school district, if any, are netted against current year local appropriation. Review records to determine

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the school district reported its city or borough appropriations in accordance with DEED Chart of Accounts requirements.

If in-kind services were used to meet a portion of the required local contribution, test records to corroborate that goods and services reported as in-kind contribution meet the criteria for recognition in accordance with U.S. GAAP and follow the guidelines set by the DEED's Chart of Accounts.

D. REPORTING REQUIREMENTS -

1. Compliance Requirement: AS 14.17.500 requires each public school district to submit by November 5 an estimate of its ADM and other student count data for the succeeding fiscal year. In making this estimate, the district is to consider its 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) Gain an understanding of and evaluate the school district's procedures for preparing the report and that the school district considers relevant factors when arriving at an estimate of next year's enrollment; 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 DEED that reports its ADM for that counting period, along with other student count information needed to determine state foundation aid.

Student Data Reporting Manual 4 AAC 06.120(a)(4) provides regulatory guidance on student enrollment and attendance records and reporting of student counts used in calculation of ADM.

Suggested Audit Procedures:

- a) Gain and document an understanding of the district's internal control environment over the maintenance of student records and membership count procedures for determining accuracy, validity, and completeness of information reported to DEED.

As part of this walkthrough, ascertain that the district if following the guidelines outlined in DEED's Student Data Reporting Manual and regularly trains its staff on On-Line Alaska School Information System (OASIS) data entry procedures with respect to reporting student data.

- b) Select a sample of student counts reported to DEED during the year under audit. When selecting a sample, consider factors such as students' enrollment in correspondence programs and school sites

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reporting 10-16 ADM or 101-110 ADM. Test the following data elements for adequate support, completeness, and compliance with DEED's Student Data Reporting Manual guidelines:

- i. FTE Enrollment Level - Trace data back to the supporting documentation, which may include enrollment forms (for newly enrolled students in the current fiscal year) and student class schedules.
- ii. Membership Days – trace data back to the student attendance records.

- 3. Compliance Requirement:** As per AS 14.17.420(a)(2), a district is eligible to receive intensive services funding for each special education student who needs and receives intensive services and is enrolled on the last day of the count period. The definition of "intensive services" as provided in regulation 4 AAC 52.700(c).

Suggested Audit Procedure:

Select a sample of those students reported as intensive during the year under audit and the underlying records. Test the following data elements:

- a) Verify the individualized education program (IEP) is in place and active prior to the last day of the count period; and
- b) Verify the district has documented the intensive student appropriately and in compliance with 4 AAC 52.700(c).

- 4. Compliance Requirement:** Districts must report the Public-School Funding program revenues and expenditures in the operating fund.

Suggested Audit Procedures: Review financial reporting to determine correct reporting of public-school funding.

E. SPECIAL TESTS AND PROVISIONS –

Compliance Requirement: All moneys 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) Test transfers from the General Fund to determine that they were reasonable and necessary for public education purposes.