

Fiscal Audits Are You Ready?

Tricia Root ~ Lakeview Community School
Sara Shriver ~ Belding Area Schools
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Notification of Audit

How are Districts notified of upcoming fiscal audits?

- Email to level 5 users of MEGS- 2 people per district
- Followed by a letter in the mail
- The correspondence tells you what school year they will be auditing and who your auditor is

Preparing For Fiscal Audits

Prior Documentation-

Items your auditor wants emailed 2 weeks in advance:

- Staff listing for those funded by Title I, including FTE's and their respective assignments
- General ledger expenditure summary (both payroll and non-payroll)
- General ledger detail (non-payroll)
- Policies & Procedures for : Cash Management, Procurement, and Payroll
- Complete inventory listing all equipment purchased with Title I funds- Items with a value of \$100 or more
- Final Expenditure Reports



Preparing For Fiscal Audits- Continued

On-site Documentation-

On the day of the review, you will need to have the following:

- Payroll summaries, Time & Effort Reports, Semi-annual certifications, Teacher certifications, Professional licenses, Evidence of criminal background checks, Date of hire and degree
- Employee contracts
- General Ledger detail for payroll and benefits expenditures- They will select 1 pay period
- Contracted services- Original contracts, Bid documents, Invoices for selected services, Evidence of criminal background checks on contracted individuals
- Selected equipment purchases- Invoices/approvals, Physical inspection(location, use, tag, identifications)
- Selected supplies and materials- Invoices/receipts or other supporting documents
- Draw down reports and all supporting documents

Conducting the Fiscal Audit

How can you make it a successful audit?

- Make sure your Title I Director and Business Manager are present the day of the audit. They will need to be available to go over the Fiscal Review Questionnaire
- Make sure you have everything they ask for very organized and ready for them prior to their arrival
- Make sure you know where everything is on the inventory listing and that is all tagged. They will do a physical inventory check
- Perform the inventory check, with the auditor, while your staff is still at work. It may cut your audit down to 1 day.
- Make the auditor your priority while they are onsite. Get them the information they ask for ASAP.

Audit Findings

How were audit findings reported to your district?

- The auditor went over what they thought would be possible findings, but took the issues back to their supervisor for review
- Received an official letter, from MDE, of what our findings were

Our findings were:

- Overspent \$128.06 in the summer school function
- Spent \$1,839 more on a piece of equipment that was listed in our Consolidated Application
- Needed to update and verify inventory lists



District Implications

Describe the process for the fiscal audit follow-up after the initial audit.

- We had to prepare a Compliance Plan which is submitted to MDE for approval
- We had to pay back the \$1,967.06 we overspent
- We had to have a follow-up audit

Fiscal Audit Follow-Ups

Describe the process for the fiscal audit follow-up after the initial audit.

- Received a phone call, from MDE, to schedule a follow up audit. They wanted to do the audit in September, but I had them do it in July, so I could make adjustments before my regular audit and before I requested money for Title I expenditures
- Received an email, from the auditor, of what areas our follow-up audit would be done on- Budget, General Expenditures, and Equipment (Inventory)
- Basically produced the same reports for those items as I did for the initial audit
- The auditor performed another physical inventory check
- Received a very nice letter, from MDE, saying we had successfully passed our follow-up audit!! WHEW!!!

Fiscal Audit Tips

Tips for districts regarding the whole fiscal audit process are:

- Make sure you compare MEGS with every Title I expenditure.
- The items on the report cannot cost more than what's listed in MEGS.
- Watch function and object codes
- Financial and Program personnel must work together to make sure everyone is on the same page
- Keep your inventory lists up-to-date and do your own physical audits at the beginning and end of the school year (Items may be moved over the summer)
- Audits are scheduled for 2 days, but if all of the information is available, could feasibly be completed in 1 day. The auditors are there to help you!



Q & A

Questions and Answers

Contact Information:

Tricia Root (roott@lakeviewschools.net)

Sara Shriver (shrovers@bas-k12.org)