

School Board Meeting/Workshop:

May 8, 2017

Subject:

Student Accounting Audit Response
Resolution

Presenter:

**Gary Kawlewski, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Approval of the following resolution:

The Board of Education directs the administration to file an extension with the Minnesota Department of Education until June 30, 2017 in response to the student accounting audit letter dated April 13, 2017

DESCRIPTION:

As you are aware, we were reviewed as part of a random student accounting audit from the Minnesota Department of Education for fiscal year 2014-15. The two buildings that were audited were Buffalo High School and Discovery Elementary. After completion of the field audit, we reviewed the findings on April 13, 2017 with a representative from MDE. After that review, a letter along with a copy of the findings was mailed to Chair David Wilson and Dr. Scott Thielman.

The findings centered on two basic themes:

1. How we are calculating part-time students
2. We were missing certain supporting documentation for some homebound students and some students in work experience based programs

Based on previous MDE direction, we were instructed on how to calculate part-time students and have been following that direction since that time. Through the course of the audit, it was pointed out that the part-time student calculating methodology has since changed. Additionally, part-time students in either a work-experience based program or who are homebound, have certain documentation that needs to be in place and readily available to participate in those programs in order to receive credit to count towards average daily membership. The ADM count is what is used to calculate general education aid and a few other aid programs for the school district.

By law, the board has to respond to the findings within 30 days from the date of the letter by a majority vote of the board at an official meeting. The board has 4 choices in which to respond:

1. Dispute that an error exists
2. Provide the requested documentation noted in the draft report to mitigate the errors
3. Provide a statement that the board agrees with the findings
4. Request an extension beyond the 30 calendar days

Based on our review, it is my recommendation that the board request an extension until June 30, 2017. We believe that we were counting part-time students correctly based on previously provided MDE direction. We made those points during the review call but were assured that MDE wouldn't waiver on the part-time methodology we were using and that we needed to move to the newly prescribed method. Therefore, we believe that portions of the findings will fall on deaf ears and we will be unable to dispute that an error exists. However, after further review, we believe that we will be able to produce some of the necessary documentation that was noted as missing on the date of the audit. We need a little more time to sort through the documentation that we have in order to provide the necessary documentation. Consequently, we are recommending the extension in order to meet the 30 day response requirements. We hope to have our review completed by or before June 1, 2017. Any further board action required at that time would then be presented for board approval at the June 26, 2017 board meeting.

ATTACHMENT(S):

None