



March 13, 2025

Annual Audit Review Process Update and Timeline

CDE School Auditing Office

Purpose

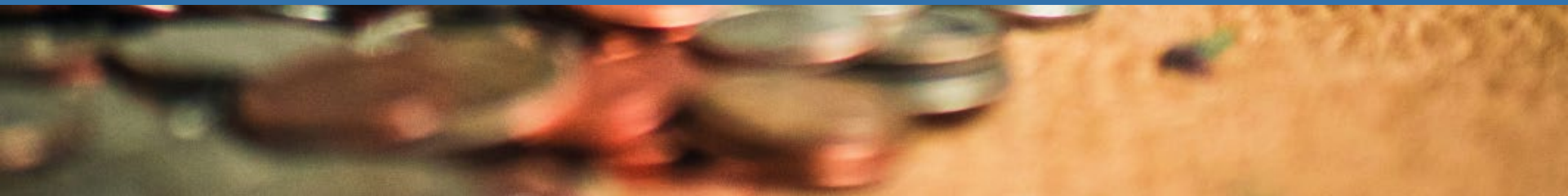
The goals of today's webinar are to:

- Introduce the School Auditing Office & Total Program Funding
- Status Updates:
 - Historical & gap year audits
 - 2024 Annual Audit Review process
- Preview 2025 Annual Audit Review process

Note: Throughout this presentation, “organization” is used to refer to districts, BOCES, and/or CSI, as applicable.



Introduction



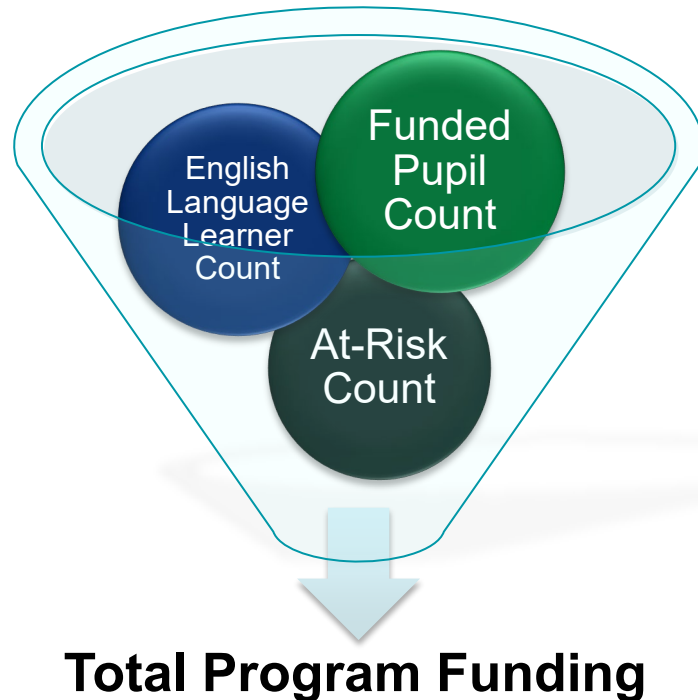
The School Auditing Office

Our office's primary responsibilities include:

- Conducting audits as required by the Public School Finance Act of 1994 and its administrative rules (1 CCR 301-39). This includes:
 - **Validating total Student October counts** (pupil, at-risk and ELL)
 - **Reviewing audit documentation**
 - Ensuring that individual students **meet the funding requirements**
 - **Identifying audit liabilities (owed by/to districts)** as a result of adjustments to the funded pupil, at-risk and/or ELL counts.
- Providing technical assistance and support through the Student October Count data collection process related to funding and audit documentation requirements.

Counts From Student October Data Collection Determine Total Program Funding

- School districts in Colorado are funded by a variety of sources
- The biggest source of funding comes from the School Finance Act
- The amount a district receives according to the School Finance Act is called **Total Program Funding**
- Counts from the Student October Count Data Collection are used to calculate Total Program Funding

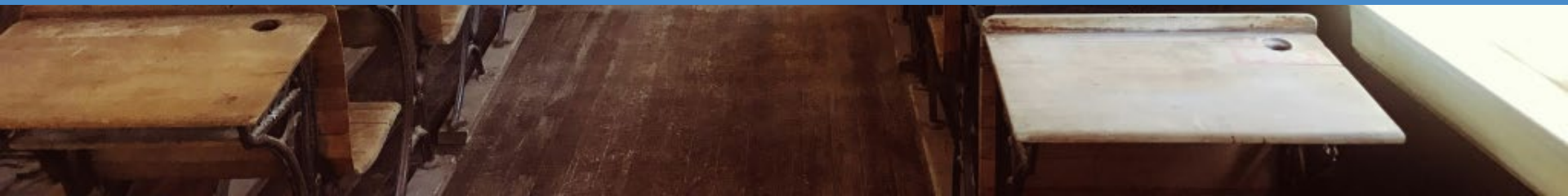


Student October Count Data Submission

- When reporting data in the Student October Count data submission, districts and schools must have processes in place to ensure accurate reporting of all data fields, especially those used for determining funding.
- Under- or over-reporting of these counts may result in:
 - Significant audit findings for the district
 - (i.e., the district owing money back to CDE or not receiving all eligible funds)
 - Impacts to funding for districts across the state of Colorado
 - Impacts continuing from the current year to future years



General Funding Requirements



Funding Requirements:

All funding requirements are based on the pupil enrollment count date (10/1/25).

General funding requirements:

1. Membership
 - a. Enrollment
 - b. Attendance
2. Scheduled Instructional Hours

Additional considerations may apply for a variety of student, program, and school types.



Funding and Audit Documentation Requirements

- The School Auditing Office posts annual Audit Resource Guides for each count (pupil, at-risk and ELL).
- These Guides describe funding and audit documentation requirements.
- If flagged for an expanded audit, organizations may be required to provide full audit documentation to support any student included in one of its funded counts.



A person wearing a black long-sleeved shirt is holding three cleaning products. In their left arm is a large blue and yellow container of Lysol disinfectant wipes, with the text '3X STRONGER CLEAN POWER' visible. In their right hand, they hold a white bottle of Clorox bleach and a clear spray bottle. The background is a light-colored wall with horizontal wooden planks.

Historical & Gap Year Audits

Historical Audit Approach

- Through the 2023-2024 fiscal year, all organization are subject to comprehensive audit reviews of all students included in their funded pupil and at-risk counts.
- Many organizations currently have open audits with the School Auditing Office.



“Gap” Audit Years

- Some districts have un-audited years up to and including 2023-2024 (before the new annual audit review process).
- The School Auditing Office will be conducting risk assessments of those years to determine if an expanded audit is necessary.
- Depending on the status of your organization’s most recent audit, a gap year review might be added to an open audit or to a new engagement under the new audit process.
- If you are not sure about the status of your organization’s most recent audit, you are welcome to contact audit@cde.state.co.us for information.



New Annual Audit Review

New Compliance Audit Approach

Starting with the 2024-2025 fiscal year, the School Auditing Office is shifting its compliance audit approach.

- All **districts, BOCES, and CSI** now participate in the Annual Audit Review.
 - Only BOCES that operate their own schools and/or submit data during the Student October data collection are included.
- Each year, the School Auditing Office will collect basic information and documents from every organization.
- Each organization will either receive *no further* audit review or an *expanded* audit review.

New Compliance Audit Goals

- Providing audit results sooner, so findings are more relevant to current programming & issues can be corrected promptly
- Improving risk-based sampling practices to focus audit efforts
- Offering annual questionnaires as proactive tools to help organizations:
 - Improve coding accuracy in the Student October Count Data Collection
 - Ask clarifying questions before the count date
 - Etc.

2025 Annual Audit Review: Questionnaires

- The three 2025 Annual Audit Review Questionnaires will seek information similar to last year, but in a reorganized format.
- Topics will include:
 - Course and program offerings
 - Brief descriptions of compliance processes related to Student October reporting and documentation
 - Names and contact information of the staff responsible for specific processes
 - Brief descriptions of any cooperation and/or oversight between different entities involved in Student October coding & data submission, where applicable
 - E.g., districts, BOCES, charter schools, online schools & programs, etc.
- Failure to complete the Questionnaires and associated document uploads by the due date (**9/15/25**) may automatically result in an expanded audit.

Expanded: Focused Audit Reviews

Any of the following may trigger a focused audit review:

- Risk assessments based on:
 - Responses provided on the audit questionnaires
 - Initial documentation uploads
 - Reported Student October Count data
- Changes in legislation and/or administrative rules
- Areas of concern across the state
- Note: A BOCES audit may result in a focused review for one or more districts that consists only of students attending the BOCES school(s).

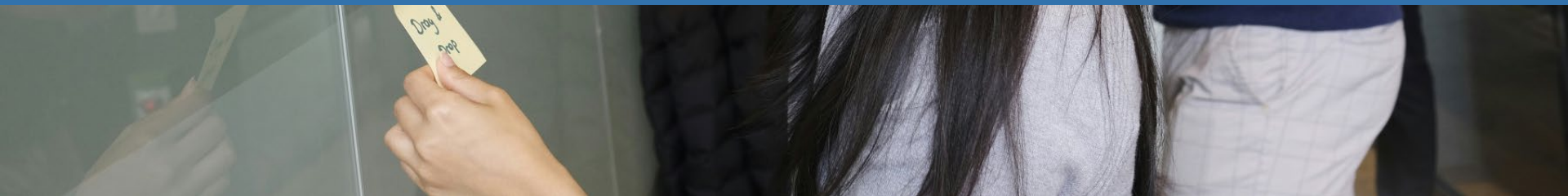


Expanded: Comprehensive Audit Reviews

- Each year, the School Auditing Office will randomly select a subset of organizations to participate in comprehensive audit reviews.
 - These are separate from the focused audit reviews.
- As was true with historic audits, Comprehensive audit reviews will be more in-depth than focused audits.
- Organizations should be prepared to provide all audit documentation to support funding eligibility for each funded student.
 - Audit documentation is described in each Audit Resource Guide.



School Auditing Office 2025 Communications Timeline



Multiple Communication Streams

The School Auditing Office is currently working through three main priorities:

1. Issuing **legacy audits** from previous years that are already complete, and in the queue to be finalized.
2. Assessing organizations for **new audits** (mostly of FY24/25, plus gap years in a few cases).
3. Preparing for the 2025 Student October Count data collection.

Organization staff may hear from us regarding more than one of these during the same timeframe.

- We will be as clear as possible about which activity we are working on each time we reach out.

1. Issuing Legacy Audits

- Many organizations have a “current” or “legacy” audit that is considered open.
 - For these open audits, all required documentation has already been uploaded & reviewed, and final exception lists were previously provided to the applicable staff.
 - In most cases, field work for these audits was completed several months ago through collaboration between staff from the organization and the School Auditing Office.
- Over the next few months, draft audit reports will be issued.
 - Upon receipt, staff from the organization will have 30 days to review the draft report prior to the audit being finalized.
- If staff from the organization are new and/or were not part of the field work phase of the audit, School Auditing Office staff will be available to review findings prior to the audit being finalized.
- In most cases, audit liabilities associated with these audits will require the organization to repay previously-received state funds.

Timeline for Issuing Legacy Audits: **2025**

Time	Legacy Audits
March through July	<ul style="list-style-type: none">• All legacy audits will be finalized by July 31, 2025.• Will involve issuing draft audit reports, finalizing audits, and distributing invoices/notice of payment (as applicable).• Goal: by July 31, 2025 the only open audits will be those that include the 2024 Student October funded counts.

2. Assessing Organizations For New Audits

- Since December 2024, School Auditing Office staff have been reviewing the available risk assessment information, as discussed previously.
- Between **March 24 and April 4**, all organizations will receive an email from the School Auditing Office letting them know whether or not they are being engaged for an expanded audit related to the 2024 Student October Counts.

2. Assessing Organizations For New Audits (No Expansion)

- If your organization is **not engaged for an expanded audit, no additional audit documentation will be required** for the 2024 Student October Count data collection.
- Gap years, if applicable, will be added to these audits.
- Note: reports and invoices will not arrive at the same time.
 - Final audit reports & acknowledgement letter will be issued to the organization by June 30, 2025.
 - Final invoices/notice of payments will be issued to the district by December 31, 2025.

2. No Expansion: Audit Report & Acknowledgement Letter

- If your organization is not engaged for further audit of the 2024 Student October Count data, the organization will still receive an audit report.
- The organization will be required to acknowledge receipt & understanding of the final audit report.
- Because of equalizing within the School Finance formula, even if no pupil, at-risk or ELL funding factor count adjustments are made, districts may still have audit liabilities/credits associated with years included in these audits.

2. Assessing Organizations For New Audits (Expansion)

- If your organization **is engaged for an expanded audit, documentation must be uploaded** to the organization's Audit Syncplicity folder.
 - Instructions will be provided on when, where and which specific documents are required.
 - Gap years, if applicable, will be added to these audits and may or may not require any student-level audit documentation.
- These audits will follow the normal audit process; however, the amount of time spent on each audit will be expedited.

Expanded Audit Review Timeline

To capture the maximum benefits of timely annual audit reviews, expanded audits will use an expedited schedule.

- After the School Auditing Office sends the engagement notice, a scheduling letter will be sent with resources and the document upload due date.
- Our office will notify the organization when the document review begins.
 - When the initial review is complete, we will work collaboratively with the organization to set a firm date for exception responses.
 - If needed, after reviewing the organization's responses, a follow-up exception list may be sent to clear up any loose ends, with a further firm response due date.
 - In general, do not expect further exchanges.
- After all responses have been reviewed, our office will draft and issue the audit report.
 - As always, the organization has 30 days from the report issue date to dispute any specific findings.

Tentative Timeline For New Audits (that Include 2024 Student October Counts)

Time	No- Expanded Audit	Yes- Expanded Audit
January through March	<ul style="list-style-type: none"> School Auditing Office evaluates submitted 2024 AAR documentation, data and prior audits 	<ul style="list-style-type: none"> School Auditing Office evaluates submitted 2024 AAR documentation, data and prior audits
March 24 through April 4	<ul style="list-style-type: none"> Email notifications sent out to organizations alerting them that they will <i>not</i> be engaged for an expanded audit 	<ul style="list-style-type: none"> Email notifications sent out to organizations engaging them for an expanded audit
April through June	<ul style="list-style-type: none"> Issue final audit reports Organizations complete and submit their “Acknowledgement letter” 	<ul style="list-style-type: none"> Organizations upload requested audit documentation Audit reviews begin...
July through December	<ul style="list-style-type: none"> School Auditing Office distributes audit invoices/notice of payments associated with previously provided final audit reports 	<ul style="list-style-type: none"> ... Audit reviews finish Goal: FY 24/25 reports & invoices distributed by December 31, 2025

3. Preparing For The 2025 Student October Data Collection

- The School Auditing Office is in the process of updating questionnaires for the 2025 Annual Audit Review.
- Questionnaires will be available in early July 2025.
 - Webinars will be scheduled for the summer.
 - The School Auditing Office is currently exploring options for how to collect questionnaire data (i.e., continue with fillable forms or an online platform).
- Initial documentation upload will be consistent with last year's list.
- Deadline for providing completed questionnaires and initial documentation uploads will be **9/15/2025!**

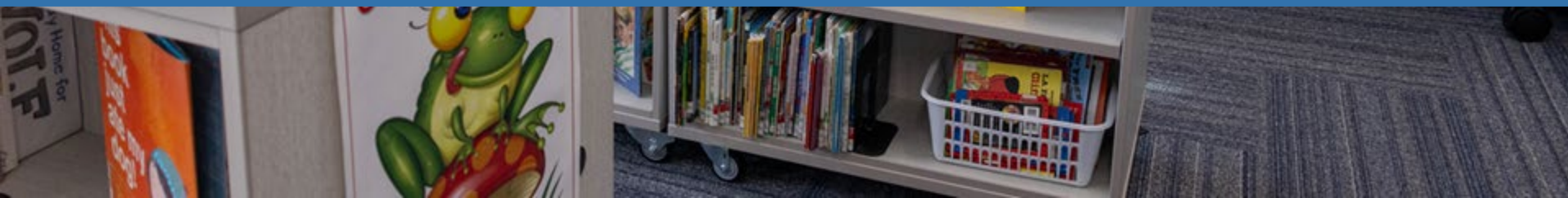
School Auditing Office:

Timeline for 2025 Annual Audit Review

Time	2025 Student October Prep
April through June	<ul style="list-style-type: none">• Monitor legislative & BOE activity• Update Audit Resource Guides for 2025• Begin hosting trainings for organization staff
July through September	<ul style="list-style-type: none">• Publish updated Guides & questionnaires (on or before July 1)• Host trainings for organizations• Organizations complete 2025 questionnaires & uploads by 9/15/25.
October through December	<ul style="list-style-type: none">• Begin data validation and risk assessment for the 2025 Student October Count



Resources



School Auditing Office Audit Process Resources

- For an overview of the historic “legacy” compliance audit process through the 2023-24 school year, see [Audit Process through 2023-24 \(direct PDF link\)](#).
- For the Annual Audit Review process starting in 2024-2025, see the forms located in the yellow box found on the [School Auditing Office Overview](#) website.
 - Start with [School Auditing Office Annual Audit Review Guidance \(direct PDF link\)](#).

Funding & Documentation Resources

For full information about funding and audit documentation requirements, see the School Auditing Office's count-specific resources:

- **Pupil Count Audit Website**
 - [2024 Student October Audit Resource Guide \(direct PDF link\)](#)
- **ELL Count Audit Website**
 - [2024-2025 ELL Count Audit Resource Guide \(Direct PDF Link\)](#)
- **At-Risk Count Website**
 - [2024-2025 At-Risk Count Audit Resource Guide \(Direct PDF Link\)](#)
 - [Data Pipeline At-Risk Measure Website](#)

Remember that all Audit Resource Guides will be updated in early July – make sure to get the new versions when available (on or about July 1, 2025)!

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