



New Hampshire

**Department of Education**

# Federal Fiscal Monitoring Final Report

## Bethlehem School District

### School Year 2019-2020

Provided by the NHD OE, Bureau of Federal Compliance

October 11, 2021

**Frank Edelblut**  
Commissioner



**Christine M. Brennan**  
Deputy Commissioner

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF EDUCATION  
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October 11, 2021

Tari Thomas, Superintendent SAU 35  
Robert Weir, School Board Chair  
262 Cottage Street- Suite 301  
Littleton, NH 03561

Superintendent Thomas and School Board Chair Weir:

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds onsite monitoring procedure for Bethlehem School District/SAU 35, conducted on March 5, 2021 by Lindsey Labonville and Jessica Lescarbeau

The attached report summarizes the information gathered during our visit and identifies our concerns relative to Federal grant fiscal compliance. Required corrective actions and associated timelines to rectify compliance issues are also included in the report. Also attached is the Corrective Action Plan (CAP). The CAP is for you to respond to the findings within the monitoring report. The CAP needs to be completed and sent back to the BFC no later than 30 calendar days after receiving the initial report via email.

If you have any questions or comments about the monitoring process and/or the resulting report, you are encouraged to contact Lindsey Labonville at [Lindsey.L.Labonville@doe.nh.gov](mailto:Lindsey.L.Labonville@doe.nh.gov) or 603.271.3837, or Jessica Lescarbeau at [Jessica.L.Lescarbeau@doe.nh.gov](mailto:Jessica.L.Lescarbeau@doe.nh.gov) or 603.271.3808.

Sincerely,

*Lindsey Labonville*

Lindsey Labonville

cc:  
Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)

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Toni Butterfield, Business Manager, SAU 35 (via email only)  
Timothy Fleury, School Board Vice-Chair, SAU 35 (via email only)  
Rebecca Beno, School Board Member, SAU 35 (via email only)  
James Noyes, School Board Member, SAU 35 (via email only)  
Jennifer Lucas, School Board Member, SAU 35 (via email only)

## Federally Required Policies

Policy	In Accordance With	Compliant	Comments
<b>Drug-Free Workplace Policy</b>	34 CFR 84.200 and the Drug-Free Workplace Act of 1988	Yes	None
<b>Procurement Policy</b>	2 CFR 200.318-327	Yes	None
<b>Conflict of Interest/Standard of Conduct Policy</b>	2 CFR 318(c)(1)	Yes	None
<b>Inventory Management Policy</b>	2 CFR 200.313(d)	Yes	None
<b>District Travel Policy</b>	2 CFR 200.474(b)	Yes	None
<b>Subrecipient Monitoring Policy/Procedure (if applicable)</b>	2 CFR 200.331(d)	N/A	District does not have subrecipients therefore this policy is not applicable.
<b>Time and Effort Policy/Procedure</b>	2 CFR 200.430	Yes	None
<b>Records Retention Policy/Procedure</b>	2 CFR 200.333	Yes	None
<b>Prohibiting the Aiding and Abetting of Sexual Abuse Policy</b>	ESEA 8546	No	As a member of the NHSBA, refer to the sample GADA policy.
<b>Allowable Cost Determination Policy/Procedure</b>	2 CFR 200.302(b)(7)	Yes	None
<b>Gun Free School Act</b>	Gun Free School Act of 1994	Yes	None

**NHDOE’s review of the above policy/procedure documents is not intended to be all-inclusive. As such, there may be other federally non-compliance policies/procedures not addressed above. Ultimately, it is the District’s/SAU’s sole responsibility to meet any and all Federal compliance requirements as a recipient of Federal funds. Deficient policies indicated above are notated below in ‘Finding #01’.**

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## District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, eleven (11) reimbursement requests for grant activities from the NHDOE Grants Management System (GMS) were selected for review. The selected activities were from the 2019-2020 and 2020-2021 school year and included the following Federal programs;

<i>Request #</i>	<i>Program</i>	<i>Project #</i>	<i>Month &amp; Year of Project</i>	<i>Activity #</i>	<i>Activity Cost</i>	<i>Activity Description</i>
1	IDEA	202593	Feb-20	84539	\$ 4,836.00	Other Professional Services
2	IDEA	202593	Feb-20	82543	\$ 1,011.10	Salaries and Benefits
3	IDEA	202593	Jun-20	82547	\$ 7,196.33	Salaries and Benefits
4	IDEA	202593	Jun-20	82543	\$ 279.89	Salaries and Benefits
5	IDEA	202593	Oct-20	93737	\$ 11,866.50	Salaries and Benefits
6	Title I Part A	20200127	Nov-19	80958	\$ 11,402.31	Salaries and Benefits
7	Title I Part A	20200127	Apr-20	80958	\$ 7,601.54	Salaries and Benefits
8	Title II Part A	20200444	Feb-20	84540	\$ 2,334.00	Other Professional Services
9	Title IV A	20204855	Dec-20	83024	\$ 2,655.24	New Computers and Communications Equipment
10	CARES-ESSER	20204955	Jan-21	98380	\$ 4,407.31	Remote Instruction
11	CARES-ESSER	20204955	Jan-21	98382	\$ 9,655.37	General Supplies

During our review, multiple instances of non-compliance were identified. The findings included non-compliance caused by the District's/SAU's lack of federally compliant policies and procedures, a lack of internal controls, and non-compliance surrounding procurement methods and time and effort. The details of the findings are listed below.

**Please note that our review of the District's/SAU's management of its Federally funded grant activities was limited to our analysis of the eleven GMS selections and was not designed to identify all potential deficiencies in Federal compliance that might exist. As such, other instances of non-compliance may exist that was not identified during the review process.**

# Findings

## *Finding #01*

**Criteria or specific requirements:** The non-Federal entity must (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** During our monitoring visit conducted on March 5, 2021 we noted policies and procedures have not been updated to include the requirements of Federal rules and laws for those transactions or activities that include Federal grant funds.

**Questioned Costs:** None.

**Context:** Of the eleven policies and procedures reviewed, one was not in accordance with Federal guidelines.

**Effect:** The District did not adequately establish and maintain effective internal controls. The lack of internal controls is non-compliant with 2 CFR 200.303, which could lead to additional compliance concerns and questioned costs.

**Cause:** The District and the School Board will need to approve these policy changes in a timely manner, disregard to this finding could lead to additional enforcement action under 2 CFR 200.

**Requirement(s):** The NHDOE is requiring the Bethlehem School District to update their policies and procedures to include the requirements of Federal rules and laws for those transactions or activities that include Federal grant funds. At the District’s discretion, separate policies may be developed for activities that use Federal funds versus those activities that are strictly funded using local or State sources. At a minimum, the following policies need to be created, updated, and/or implemented by the District:

1. Prohibiting the Aiding and Abetting of Sexual Abuse policy in accordance with ESEA 8546.

The NHDOE has prepared several Federal Fund Fact Sheets that you may find to be a useful resource when developing your policies and procedures. In addition, the NHDOE has been made aware that the New Hampshire School Board Association (NHSBA) has issued several model policies that are compliant with the requirements of 2 CFR 200 to its membership, which you have noted you are.

## *Finding #02*

**Criteria or specific requirements:** As a recipient of Federal funds certification of effort to document salary expenses charged directly or indirectly against Federally-sponsored projects is required. Time and effort reports shall; be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated, be incorporated into the official records of the District, reasonable reflect the total activity for which the employee is compensated by the District, not exceeding 100% of the compensated activities, encompass both Federally assisted and other activities compensated by the District on an integrated basis, comply with the District's established accounting policies and practices, and support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

**Condition:** During our monitoring visit conducted on March 5, 2021, a review of multiple programs (as indicated in the table above) was conducted. During the review, multiple instances of noncompliance surrounding time and effort documentation were found.

### **Title I Part A**

Activity #80958 reimbursement for November 2019- the document provided has no certifying statement or the grant name.

Activity #80958 reimbursement for April 2020- the document provided has no certifying statement or the grant name.

### **IDEA**

Activity #82543 reimbursement for February 2020- the document provided has no certifying statement or the grant name.

Activity #82547 reimbursement for June 2020- no time and effort was provided for the 11 employees receiving a stipend for in house professional development.

Activity #82543 reimbursement for June 2020- the document provided has no certifying statement or the grant name.

Activity #93737 reimbursement for October 2020- the document provided has no certifying statement or the grant name.

**Questioned Costs:** \$38,346.57

**Context:** All employees paid in whole or in part by federal funds, must complete time and effort documentation regardless of status (part-time, full-time, contracted, hourly, stipend, etc.). Additionally, the documentation should include the following information; Grant, employee name, period of performance, signatures of the employee and supervisor, signatures dated after the period of performance, and a certifying statement.

**Effect:** Any request(s) for reimbursement of personnel expenses must meet the requirements of 2 CFR 200.430.

**Cause:** A lack of controls surrounding the time and effort policy has led to this compliance concern and questioned cost.

**Requirement(s):** The NHDOE is requiring that the Bethlehem School District update their time and effort documentation to ensure compliance. Additionally, we require that the Bethlehem School District implement a time and effort procedure in accordance with 2 CFR Part 200. Lastly, the District must retroactively come into compliance by having the employees paid stipends complete a compliant time and effort form.

## **Timeline and Evidence for Findings**

As the requirements of 2 CFR 200 went into effect approximately five years ago, it is imperative the District/SAU come into compliance with these regulations by April 1, 2022. As the pass-through entity for the Federal grant funds, it is the NHDOE's responsibility to assure compliance of its subrecipients. As such, the NHDOE is requiring the District/SAU to complete the above action as soon as possible.

### ***Finding #01***

Required Completion Date: April 1, 2022. The CAP is required to be returned to the NHDOE within 30 calendar days of the date of this report. Failure to meet this deadline may result in the NHDOE taking enforcement actions allowed under 2 CFR 200.

Evidence of Completion: Provide the NHDOE with copies of the completed policies and evidence that the School Board has adopted said policies (School Board minutes will be acceptable).

### ***Finding #02***

Required Completion Date: April 1, 2022. The CAP is required to be returned to the NHDOE within 30 calendar days of the date of this report. Failure to meet this deadline may result in the NHDOE taking enforcement actions allowed under 2 CFR 200.

Evidence of Completion: Provide the NHDOE with a copy of the time and effort procedure, the newly implemented time and effort document in compliance with 2 CFR, and the District must retroactively come into compliance by ensuring the employees paid by stipend in the activity listed in 'Finding #02' sign compliant documents.

**-END OF DOCUMENT-**