



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

Cornish School District

School Year 2019-2020

Provided by the NHDOE, Bureau of Federal Compliance

September 22, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, NH 03301-3860
TEL. (603) 271-3494
FAX (603) 271-1953**

September 22, 2021

Cory LeClair, Superintendent SAU 100
Justin Ranney, School Board Chair
274 Town House Road
Cornish, NH 03745

Superintendent LeClair and School Board Chair Ranney:

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds remote monitoring procedure for the Cornish School District/SAU 100, conducted on June 1, 2021 by 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 or 603.271.3837, or Jessica Lescarbeau at Jessica.L.Lescarbeau@doe.nh.gov or 603.271.3808.

Sincerely,

A handwritten signature in cursive script that reads "Jessica Lescarbeau".

Jessica Lescarbeau

cc:
Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)
Beth Bierwirth, Business Administrator, SAU 100 (via email only)
Gregory Clark Jr., School Board Vice-Chair, SAU 100 (via email only)
Nicole Saginor, School Board Member, SAU 100 (via email only)
Melissa Drye, School Board Member, SAU 100 (via email only)
Alexys Wilbur, School Board Member, SAU 100 (via email only)

Federally Required Policies

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

The New Hampshire Department of Education does not discriminate on the basis of race, color, religion, marital status, national/ethnic origin, age, sex, sexual orientation, or disability in its programs, activities and employment practices.

District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, eight (8) reimbursement requests for grant activities from the NHDOE Grants Management System (GMS) were selected for review. The selected activities were from the 2019-2020 school year and included the following Federal programs;

Request #	Program	Project #	Month & Year of Project	Activity #	Activity Cost	Activity Description
1	CARES-ESSER	20204934	Aug-20	98358	\$10,999.00	Equipment
2	CARES-ESSER	20204934	Sep-20	98361	\$3,568.81	Professional Services
3	CARES-ESSER	20204934	Oct-20	98357	\$8,330.00	Software
4	IDEA	202641	Jun-20	81766	\$2,051.70	Professional Services
5	IDEA	202641	Jun-20	79855	\$29,499.92	Salaries
6	IDEA Preschool	202641	Jun-20	81766	\$348.30	Professional Services
7	Title I Part A	20200355	Sep-20	90086	\$2,780.73	Tuition
8	Title IV A	20200507	Oct-20	82529	\$291.67	Supplies

During our review, multiple instances of non-compliance were identified. These findings include non-compliance caused by the District's/SAU's lack of following policy and non-compliance surrounding procurement methods and financial records. The details of our findings are listed below.

Additionally, the NHDOE is making two recommendations as a result of our review of the Federal programs reviewed above:

1. The NHDOE recommends that the Cornish School District implement a control around the review of grant activities within an application to reduce the amount of errors falling in the "Object Code" of an activity. For instance, Activity #98358 August 2020 under CARES-ESSER is classified as 'Equipment', which should only be used when an individual item costs \$5,000 or more and Activity #82529 is classified as 'Supplies', but was used for software, which has its own object code.
2. The NHDOE recommends that all revenues and expenditures for each specific grant program be recorded into a separate and unique general ledger revenue and expense account. All Federal program revenues and expenditures also need to be accounted for with the appropriate local district's general ledger. For example, Activity #98361 September 2020 in CARES-ESSER is not accounted for on the CARES-ESSER ledger.

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 eight 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 June 1, 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, only one was found to not be compliant with Federal requirements.

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 School Board haven’t adopted a compliant retention policy and schedule, which could lead to additional enforcement action under 2 CFR 200.

Requirement(s): The NHDOE is requiring the Cornish School District 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. Record Retention Policy/Procedure in accordance with 2 CFR 200.333.

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: The acquisition of property or services which is higher than the micro-purchase threshold (\$10,000 at the time of the grant in question), but does not exceed the simplified acquisition threshold (\$250,000 established in the FAR) must follow small purchase procedures. Small purchase procedures include price or rate quotations obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

Condition: During our monitoring visit conducted on June 1, 2021, a review of the CARES-ESSER program, Activity #98358 for August 2020 was conducted which included the procurement of HEPA filtration systems. The invoice was for the amount of \$10,999, however no supporting documentation for price or rate quotations were obtained. The District stated that the Board approved the procurement of these units as part of their reopening plan, however this specific procurement was not approved explicitly.

Questioned Costs: No questioned cost.

Context: While the items procured are allowable under the CARES-ESSER program, no justification for noncompetitive procurement was provided. Per federal guidelines, a contract of this amount must have price or rate quotations obtained from an adequate number of qualified sources, unless meeting one of the exceptions for non-competitive procurement. Reference 2 CFR 200.320 (c) *Noncompetitive procurement* for circumstances surrounding allowability in reference to sole-sourcing. Regardless of procurement method, documentation must be kept in accordance with 2 CFR.

Effect: A contract of this size must follow small purchase procedures compliant with 2 CFR 200.320. Non-compliance could lead to additional compliance concerns and questioned costs.

Cause: A lack of controls surrounding the procurement policy has led to this compliance concern and questioned cost. Even though the School Board has adopted DAF policy, the Business Office is not following it.

Requirement(s): The NHDOE is requiring that the Cornish School District create a procurement procedure in accordance with 2 CFR, to ensure added internal controls and measures are in place.

Finding #03

Criteria or specific requirements: Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirement upon non-Federal entities (2 CFR 200.334).

Condition: During our monitoring visit conducted on June 1, 2021, a review of multiple programs (as indicated above) was conducted. Upon review of all programs, required documentation to show compliance within the various activities was either missing or not kept.

Questioned Costs: \$2,780.73.

Context: There was minimal documentation regarding Activity #90086 September 2020 for Title I Part A. The activity is for reimbursement of tuition for Title I students that attended “Summer Skills Camp”, however there is no documentation for which students were supported, an application process, any accounting for the tuition spent on these students, etc. In speaking with the District about this activity it was noted that in the future these items would be established and kept.

Effect: Supporting documentation, records, and any other documents pertinent to a Federal award must be retained in accordance with 2 CFR 200.334-338 and in accordance with the District’s record retention policy and schedule.

Cause: A lack of controls surrounding the record retention policy has led to this compliance concern and questioned cost.

Requirement(s): The NHDOE is requiring that the Cornish School District establish a procedure surrounding record retention and that they use said procedure in accordance with 2 CFR.

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 a copy of the completed policy and evidence that the School Board has adopted said policy (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 completed procurement procedure.

Finding #03

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 completed record retention procedure.

-END OF DOCUMENT-

**NHDOE Federal Funds Monitoring
Corrective Action Plan**

(Use a separate form for each Corrective Action Item)

Subrecipient contact:

Subrecipient:

Action Item:

Description:

Date:

Please check the box that most appropriately matches the District's status in implementing the Corrective Action Plan (CAP). Please also provide any documentation that supports the District's assertion that the CAP has been fully implemented.

- (1) Partially implemented
- (2) Revised CAP being implemented
- (3) Fully implemented
- (4) No further action required (provide detailed explanation below):

Name of person completing this form

Date

If options (1) or (2) are selected, please explain the implementation status &/or how the CAP was revised as well as the anticipated completion date in the space below:

Corrective Action Plan Update or other explanation as necessary, (status date: / /)

If option (3) is selected, please explain how this was implemented in the space below:

Please return to the Bureau of Federal Compliance within 30 days of receipt.

The New Hampshire Department of Education does not discriminate on the basis of race, color, religion, marital status, national/ethnic origin, age, sex, sexual orientation, or disability in its programs, activities and employment practices.