



New Hampshire
Department of Education

**Federal Fiscal Monitoring Final Report
Berlin School District
School Year 2019-2020**

Provided by the NHDOE, Bureau of Federal Compliance

September 24, 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 24, 2021

Julie King, Superintendent SAU 3
Ann Nolin, School Board Chair
168 Main Street
Berlin, NH 03570

Superintendent King and School Board Chair Nolin:

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds onsite monitoring procedure for Berlin School District/SAU 3, conducted on May 11, 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,

Jessica Lescarbeau

Jessica Lescarbeau

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.

cc:

Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)
Marion Moore, Business Manager, SAU 3 (via email only)
Matthew Buteau, School Board Vice-Chairperson, SAU 3 (via email only)
Jeanne Charest, School Board Member, SAU 3 (via email only)
Scott Losier, School Board Member, SAU 3 (via email only)
Nathan Morin, School Board Member, SAU 3 (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	Yes	None
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.

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District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, fifteen (15) 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	20204841	Aug-20	94447	\$18,368.23	Salaries and Benefits
2	IDEA	202541	Apr-20	86116	\$671.00	Books and Information Resources
3	IDEA	202541	Apr-20	79838	\$62,675.10	Salaries and Benefits
4	IDEA Preschool	202541	Jul-20	79838	\$899.83	Salaries and Benefits
5	System of Care	202563	Nov-19	82080	\$3,827.03	Travel
6	System of Care	202563	Nov-19	82078	\$15,833.33	Other Professional Services
7	Title I Part A	20200126	Jun-20	78030	\$124,588.10	Salaries and Benefits
8	Title I Part A	20200126	Jun-20	79742	\$1,592.96	General Supplies
9	Title II Part A	20200298	May-20	81821	\$2,300.00	Instructional Program Improvement
10	Title II Part A	20200298	May-20	80901	\$9,032.40	Salaries and Benefits
11	Title II Part A	20200298	May-20	80900	\$11,219.00	Professional Development
12	Title IV A	20204854	Jan-21	93857	\$10,882.50	Other Professional Services
13	Title IV B	20200011	Nov-19	78760	\$6,591.39	Salaries and Benefits
14	Title IV B	20200011	Nov-19	78767	\$1,650.00	Contracted Services
15	Perkins V	20203112	Nov-19	77754	\$28,411.77	Equipment and Supplies

During our review, multiple instances of non-compliance were identified. The details of our 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 fifteen 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 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 May 11, 2021, a review of the System of Care program, Activity #82078 for November 2019 was conducted which included contractual services with Enriched Learning Center. The contract was for the amount of \$70,000.00, however no supporting documentation for cost comparisons, negotiations, or noncompetitive procurement were provided. Also, a review of the Title II Part A program, Activity #80900 for May 2020 was conducted which included an outside contract with North Country Education Services (NCES) in the amount of \$58,875.00 and again no supporting documentation for cost comparisons, negotiations, or noncompetitive procurement was provided. Lastly, the “contract” available for review in GMS is a service agreement and does not meet the requirements for Federal contract language.

Questioned Costs: The total for both activities is \$128,875.00.

Context: While the contract offers services that are allowable under both programs, no justification for noncompetitive procurement was provided or documents to show bidding requirements were met. 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.

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.

Requirement(s): The NHDOE is requiring that the Berlin School District create and use a procedure surrounding procurement. Additionally, the District may be subject to random testing of procurement activities where they will be asked to upload supporting documentation before reimbursed for that activity.

Finding #02

Criteria or specific requirements: Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements: (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds the title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. (4) Adequate maintenance procedures must be developed to keep the property in good condition. (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Condition: During our monitoring visit conducted on May 11, 2021, a review of the Perkins V program, Activity 77754 for November 2019 was done. Upon review of the program, we found no documentation to show procedures for managing equipment or the records to show the equipment is being maintained to Federal standards.

Questioned Costs: The cost of this activity is \$28,411.77.

Context: PO's and invoices were provided to show proof of the allowable purchase under the Perkins V program. However, no other documentation was provided to ensure the maintenance of the property is in compliance with 2 CFR 200.313.

Effect: Any purchases of equipment is subject to the requirements and conditions set forth in 2 CFR 200.313.

Cause: A lack of controls surrounding the inventory management policy has led to this compliance concern and questioned cost, even though the School Board has adopted DAF the policy is not being followed by the Business Office.

Requirement(s): The NHDOE is requiring that the Berlin School District establish a procedure surrounding equipment and that they use said procedure in accordance with Federal requirements.

Finding #03

Criteria or specific requirements: As a recipient of Federal funds certification of effort to document salary expenses charged directly or indirectly again 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 May 11, 2021, a review of multiple programs (as indicated in the table above) was conducted. During this review multiple instances of noncompliance surrounding time and effort documentation was found.

Questioned Costs: Questioned costs are listed by Program, Activity, and Month/Year below:

CARES-ESSER

Activity #94447 August 2020- \$18,368.23

IDEA/IDEA Preschool

Activity #79838 April 2020- \$62,675.10

Activity #79838 July 2020- \$899.83

Total Questioned Cost: \$81,943.16

Context: The timesheets provided to show the time spent relative to the Programs and Grants in question do contain the requirements as outlined in 2 CFR 200, however the document is being signed prior to the end of the period of performance in many cases.

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, even though the School Board has adopted DAF the policy is not being followed by the Business Office.

Requirement(s): The NHDOE is requiring that the Berlin School District update their time and effort procedure to ensure compliance. Additionally, we require not only that they have the appropriate documentation in place, but also that they use the documentation in accordance with their policy and procedure. A specific time and effort procedure must be in place.

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 procurement procedure compliant with 2 CFR. The District may be required to upload procurement documentation for applicable activities to ensure compliance before being reimbursed.

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 equipment procedure compliant with 2 CFR.

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 time and effort procedure as well as the newly implemented document compliant with 2 CFR. The District may be subject to random testing for 'salary' or 'salary and benefits' type activities where time and effort documentation needs to be uploaded before an activity as such can be reimbursed.

-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.

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