



New Hampshire

# Department of Education

## FY22 Federal Compliance Findings by Program

### Review of FY21 Activities (SY 20/21)

September, 2023

#### Part 1. Summary

This summary was created by the Bureau of Federal Compliance (BFC) to document the Districts and Charter Schools that were monitored in the State FY22 federal fiscal monitoring for FY21 (July 1, 2020- June 30, 2021) and the various types of findings as a result of the monitoring. Monitoring reviews were conducted both onsite and remotely.

During the FY22 monitoring season there were nineteen (19) high risk Districts and nine (9) high risk Charter Schools monitored as determined by the [FY22 Risk Assessment](#). As a result of the monitoring visits, the BFC identified eighteen (18) policy and procedure findings, nineteen (19) procurement findings, forty eight (48) time and effort findings, one (1) inventory finding and three (3) use of funds/allowability findings. Below findings are outlined by Districts and Charter Schools:

	Number of Districts/ Schools Monitored in FY23	Policy and Procedure Finding	Procurement Finding	Time and Effort Finding	Record Retention Finding	Equipment/ Supplies Finding/Inventory	Use of Funds Finding	Cash Management Finding
High Risk Districts	19	15	18	45		1		
High Risk Charters	9 Only 4 Charters Monitored	3	1	3			3	

High risk Districts and Charters are determined by the Risk Assessment conducted annually by the BFC. As a result of the risk assessment, every District and Charter School is categorized as either high, moderate, or low risk. Risk assessment variables vary annually. A summary and the results of the risk assessment can be found on the NHED , BFC website here: [Annual Federal Fiscal Risk Assessment](#).

After the risk assessment is published, Schools are notified if they are considered high risk and are going to be monitored based on the results; scheduling begins immediately. Schools are typically monitored between

October and May on a date of their choice. Monitoring documents including a list of selected GMS activities to be reviewed are provided thirty (30) days in advance of the monitoring date, leaving ample time to prepare.

The supporting documentation reviewed varied on the type of activity but typically included POs, invoices, general ledgers, packing lists, receipt of product, quotes, bids, RFP's, time and effort, flyers, inventory tracking and contracts. For certain activities, there may be more detailed documentation required, such as mileage for travel. We not only look to ensure the documentation supports the activity, but that the school is following their set policies and procedures.

Final reports were sent to subrecipients within two weeks of the monitoring. Final reports include requirements designated by the BFC so that a schools' practice aligns with federal compliance requirements. At times, repayments of funds expended were required by schools to the NHED federal program for findings surrounding use of funds or allowability.

With the technical assistance offered by the BFC staff, schools are given six months from the date of the final report to complete their corrective action plans (CAPs) and meet federal compliance standards.

Corrective action requirements included retroactively completing time and effort or inventory management or creating or updating written policies and/or procedures to document internal control. CAP requirements vary depending on the type of finding and if it is the first time the finding has been brought to the Schools attention or not.

## **Part 2. Type of Finding Summary**

### ***Policies and Procedures***

Policy and procedure findings are a result of either having a non-compliant policy required per Federal regulation or not having the policy or procedure in place at all. Policies and procedures reviewed are:

1. Drug-Free Workplace Policy
2. Procurement Policy and Procedure
3. Conflict of Interest/ Standard of Conduct Policy
4. Inventory Management Policy and Procedure
5. District Travel Policy
6. Subrecipient Monitoring Policy and Procedure (if applicable)
7. Time and Effort Policy and Procedure
8. Records Retention Policy and Procedure
9. Prohibiting the Aiding and Abetting of Sexual Abuse Policy
10. Allowable Cost Determination Policy
11. Gun Free School Act

### ***Procurement***

During FY22 monitoring, we reviewed procurement type activities to see if the items were procured in accordance with the Schools policy and federal regulations. A typical procurement finding was either a result of not having any quotes or enough, a lack of sole source/noncompetitive procurement documentation, missing or noncompliant PO's, and missing contracts and/or agreements with vendors.

*Reminder: Noncompetitive procurement (sole source) approval/denial must be in writing per 2 CFR.*

### ***Time and Effort***

Often, Schools do have some sort of timecard or semi-annual certification in place, however it does not meet all Federal requirements. Additionally, it was a common occurrence for Schools to indicate they did not know what type of time and effort was appropriate for employees, i.e. timecards, semi-annual certification, PAR. Schools have been reminded that time and effort is required across all programs regardless of if the employee is funded in whole or in part with federal funds and regardless if the employee is remote, onsite, full-time, part-time, salary, or stipend. If they are paid with Federal funds, they must keep certified time and effort documentation. Time and effort shall be maintained and collected according to the Schools policy and procedure.

**Time and effort documentation at a minimum must include the following:**

- Grant information
- Time spent on the grant
- Period of performance
- Employee information (name, title, etc.)
- Signature of employee and/or supervisor with first-hand knowledge of the work completed
- Dated signatures- date must be on or after the last day of the performance period
- Certifying statement that the information provided and stated is true

***Record Retention***

Sufficient records must be kept supporting the use of federal funds. It was found through our FY23 monitoring visits that many Schools are not keeping sufficient records to show communications between the District and NHED and/or vendors. Additionally, records are not being kept showing price analysis, quotes, or receipt of product. Records shall be maintained per the Schools policy.

***Equipment and Supplies***

Equipment is a product/item with a value of \$5,000 or more per unit (individual item). In addition, items considered pilferable items and purchased with federal funds must be included on any inventory tracking regardless of the cost. Pilferable items are defined as those items that may be easily lost or stolen, including but not limited to cell phones, iPads, tablets, iPods, graphing calculators, projectors, cameras, laptops (Chromebooks), etc. These items have a greater scrutiny of tracking than other items procured with federal funds. If a School had an equipment/supply finding it is because they were not tracking equipment to the level required by federal requirements or not tracking at all.

*Reminder: A physical inventory of the property must be taken, and the results reconciled with the inventory management at least once every two years per 2 CFR 200.313(d)(2).*

**Property records for equipment must include:**

- Description of property
- Serial or identification number
- Source of funding (including the FAIN)
- Who holds the title
- Acquisition date
- Cost of property
- Percentage of Federal participation
- Location
- Use and condition of property
- Disposition data (disposal date and sale price of property)

***Use of Funds/Allowability***

A use of funds/allowability finding is the result of an unallowable purchase as deemed by the program or improper payments/internal control process of how funds flow through the School.

### ***Cash Management***

A cash management finding is the result of the School not having an automated accounting system for general ledgers, being reimbursed multiple times for the same activity/purchase, or over reimbursed for payroll. A lack of internal controls surrounding cost reimbursement has led to these instances of non-compliance.

## **Part 3. Finding by Program**

### **Title I**

Compass Classical- Time and Effort  
Compass Classical- Use of Funds  
Compass Classical- Use of Funds  
Compass Classical- Procurement  
Granite State Arts- Time and Effort  
Making Community Connections- Time and Effort  
Seacoast Charter- Time and Effort  
Dover- Time and Effort  
Seabrook- Time and Effort  
Winnacunnet Coop- Time and Effort  
Newmarket- Time and Effort  
Newmarket- Procurement  
Nashua- Procurement  
Pittsfield- Time and Effort  
Allenstown- Time and Effort  
Somersworth-Time and Effort  
Northumberland-Time and Effort  
Hudson- Time and Effort  
Monadnock- Time and Effort  
Winchester- Time and Effort  
Wakefield- Time and Effort

### **Title II**

Granite State Art- Time and effort  
Newmarket- Procurement  
Pittsfield- Time and Effort  
Pembroke- Procurement  
Allenstown- Procurement  
Winchester- Time and Effort  
Timberlane- Time and Effort  
Timberlane- Procurement

### **Title IV A**

Allenstown- Time and Effort  
Monadnock Regional- Time and Effort

## **IDEA/IDEA Preschool**

Dover- Time and Effort  
Seabrook- Time and Effort  
Seabrook- Procurement  
Winnacunnet Coop- Procurement  
Newmarket- Time and Effort  
Newmarket- Procurement  
Nashua- Time and Effort  
Nashua- Procurement  
Pittsfield- Time and Effort  
Somersworth- Time and Effort  
Somersworth- Procurement  
Northumberland- Time and Effort  
Hudson- Time and Effort  
Monadnock- Procurement  
Wakefield- Time and Effort  
Timberlane- Procurement

## **ESSER II**

Making Community Connections- Time and Effort  
Seabrook- Time and Effort  
Winnacunnet Coop- Time and Effort  
Winnacunnet Coop- Procurement  
Nashua- Time and Effort  
Nashua- Procurement  
Pittsfield- Time and Effort  
Pittsfield- Inventory  
Somersworth- Time and Effort  
Hudson- Procurement  
Winchester- Time and Effort  
Timberlane- Procurement  
Compass Classical- Use of Funds  
Allentown- Time and Effort

## **Adult Education**

Claremont- Time and Effort

## **Perkins**

Dover- Time and Effort  
Manchester- Time and Effort

## **McKinney Vento**

Winnacunnet Cooperative- Time and Effort

## **Title IVB**

Manchester- Time and Effort

## **Project Aware**

## **Part 4. Finding Requirements**

Each School with a finding has been required to perform some sort of action as a result of non-compliance. Corrective action requirements include:

- Policy- School board to adopt/revise compliant policy.
- Procedure- Business office to create/revise compliant procedure.
- Procurement- School to create a procurement procedure in accordance with the requirements of 2 CFR 200 and/or follow their procurement policy and procedure in place.
- Time and Effort- School to create a time and effort procedure in accordance with the requirements of 2 CFR 200, follow their own time and effort policy and procedure, create compliant time and effort documentation, and in some cases retroactively come into compliance for activities named in findings.
- Record Retention- School to create a record retention procedure in accordance with the requirements of 2 CFR 200 and/or follow their own record retention policy and procedure in place.
- Equipment/Supplies- School to create an equipment procedure in accordance with the requirements of 2 CFR 200.
- Use of Funds/Allowability- School to correct how the funds were processed and, in some instances, reimburse the NHED program.
- Cash Management- School is required to implement an automated accounting system and/or reimburse the NHED program for the overpayment of activities.

Schools are given six months from the final report to come into compliance and complete all required corrective actions. Multiple supporting documents have been provided to the Schools to aid in the creation of policies, procedures, time and effort documentation, inventory tracking, etc. If a School is reaching out to gain clarity or seeking further assistance, please let the BFC know, and we would be happy to work with the School and/or program to provide further guidance.

## **Part 5. Conclusion**

There is additional guidance on the BFC website to assist the Schools in achieving compliance with federal guidelines: [Bureau of Federal Compliance](#)

During FY23 (22/23 School Year), we will be monitoring high-risk Districts and Charter Schools. All Risk Assessments are provided on the website [Annual Federal Fiscal Risk Assessment](#)

## **Part 6. Technical Assistance**

The BFC continues to provide technical assistance both internally and externally via one-on-one training in person or remote, fact and information sheets, and example documentation. Fact and information sheets can be found on our website here:

[Uniform Training Guidance and FAQ](#)

[Federal Fund Fact Sheets](#)

[Federal Fund Information Sheets](#)

[Grants Training and Management](#)

If you would like additional training or to have a conversation about the context of this document, please reach out. Likewise, if you have a School that needs additional guidance or support, please send them our way.

Questions? Please feel free to reach out to either Lindsey Labonville, [Lindsey.L.Labonville@doe.nh.gov](mailto:Lindsey.L.Labonville@doe.nh.gov)

## Part 7. Complete List of Subrecipients Monitored

Claremont School District	Concord School District	Dover School District	Winnacunnet Coop School District
Seabrook School District	Newmarket School District	Manchester School District	Nashua School District
Pittsfield School District	Allenstown School District	Pembroke School District	Somersworth School District
Salem School District	Northumberland School District	Hudson School District	Monadnock Regional School District
Winchester School District	Wakefield School District	Timberlane School District	Compass Classical Charter School
Gate City Charter School- CANCELLED	Granite State Arts Academy	Ledyard Charter School- CANCELLED	Making Community Connections Charter
Polaris Charter School- CANCELLED	Seacoast Charter School	Strong Foundations Charter- CANCELLED	VLACS- No Funds Expended