



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

Hollis School District

School Year 2019-2020

Provided by the NHDOE, Bureau of Federal Compliance

October 4, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
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October 4, 2021

Andy Corey, Superintendent SAU 41
Tammy Fareed, School Board Chairperson
4 Lund Lane
Hollis, NH 03049

Superintendent Corey and School Board Chairperson Fareed,

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds onsite monitoring procedure for the Hollis School District, conducted on June 28, 2021 by Lindsey Labonville.

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,

Lindsey Labonville

Lindsey Labonville

cc: Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)
Kelly Seeley, Business Administrator, SAU 41 (via email only)
Amy Kellner, Hollis Board Vice Chair, SAU 41 (via email only)
Brook Arthur, Hollis Board Secretary, SAU 41 (via email only)
Robert Mann, Hollis Board Member, SAU 41 (via email only)
Carryl Roy, Hollis Board Member, SAU 41 (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Drug-Free Workplace Policy	34 CFR 84.200 and the Drug-Free Workplace Act of 1988	No	Policy is outdated and does not have the required Federal language per 34 CFR 84.200. As a member of the NHSBA refer to NHSBA sample policy
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)	Yes	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. Deficient policies indicated above are notated in ‘Finding #01’.

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District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, six (6) 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;

<i>Request #</i>	<i>Program</i>	<i>Project #</i>	<i>Month & Year of Project</i>	<i>Activity #</i>	<i>Activity Cost</i>	<i>Activity Description</i>
1	CARES-ESSER	20204843	Sep-20	93585	\$800.00	Equipment
2	IDEA	202624	Dec-19	78526	\$2,744.63	Salaries
3	IDEA	202624	Dec-19	78524	\$8,436.57	Salaries
4	IDEA Preschool	202624	Dec-19	78526	\$765.09	Salaries
5	Title II Part A	20200066	Sep-20	78827	\$2,400.00	Professional Educational Services
6	Title II Part A	20200066	Dec-20	78826	\$328.10	Professional Educational Services

During our review, multiple instances of non-compliance were identified. The findings include 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 six 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 28, 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 is 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 Hollis 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. Drug Free Workplace policy in accordance with 34 CFR 84.200 and the Drug-Free Workplace Act of 1988.

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 June 28 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 II Part A

Activity #78827 reimbursement for September 2020- no time and effort was completed for stipend work.

IDEA/IDEA Preschool

Activity #78526 reimbursement for December 2019- the time and effort document was signed before the end of the period of performance. Additionally, the semiannual certification was signed by the principal, only. The employee should also be signing their time and effort documentation.

Activity #78524 reimbursement for December 2019- the time and effort document was signed before the end of the period of performance. Additionally, the semiannual certification was signed by the principal, only. The employee should also be signing their time and effort documentation.

Questioned Costs: \$11,601.66.

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 Hollis School District update their time and effort documentation to ensure compliance. Additionally, we require that the 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 in these activities, sign a compliant time and effort document.

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 in the activities listed in 'Finding #02' sign compliant documents.

-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.