



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

Keene School District

School Year 2019-2020

Provided by the NHDOE, Bureau of Federal Compliance

September 14, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
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September 14, 2021

Robert Malay, Superintendent SAU 29
George Downing, School Board Chairperson
193 Maple Avenue
Keene, NH 03431

Superintendent Malay and School Board Chairperson Downing,

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 Keene School District, conducted on April 22, 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 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)
Timothy Ruehr, Business Administrator, SAU 29 (via email only)
Scott Ansevin-Allen, Keene Board Member, SAU 29 (via email only)
Jaclyn Headings, Keene Board Member, SAU 29 (via email only)
Rebecca Lancaster, Keene Board Member, SAU 29 (via email only)
Kyle Macie, Keene Board Member, SAU 29 (via email only)
Raleigh Ormerod, Keene Board Member, SAU 29 (via email only)
Kris Roberts, Keene Board Member, SAU 29 (via email only)
Rossana Rossoukh-Kordana, Keene Board Member, SAU 29 (via email only)
Ronald Wright, Keene Board Member, SAU 29 (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 from October 9, 2007 and does not reference 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	None
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	No	District has not implemented the policy. As a member of the NHSBA refer to NHSBA sample policy (GADA).
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, ten (10) 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	20204831	Nov-20	94459	\$597.60	Information Access Fee
2	CARES-ESSER	20204831	Nov-20	93153	\$33,726.00	New Computers and Communications Equipment
3	CARES-ESSER	20204831	Nov-20	98668	\$18,616.50	General Supplies
4	Title I Part A	20200143	Nov-19	79114	\$12,954.79	Salaries and Benefits
5	Title I Part A	20200143	Nov-19	79144	\$1,620.90	Professional Services
6	Title II Part A	20200115	Nov-19	80069	\$2,336.00	Professional Services
7	Title II Part A	20200115	Nov-19	80065	\$10,067.34	Salaries and Benefits
8	Title IV A	20200611	Sep-20	91026	\$9,477.00	Professional Services
9	Title IV A	20200611	Sep-20	91017	\$7,745.09	Salaries and Benefits
10	Title IV A	20200611	Jan-21	93455	\$13,728.97	Books and Other Printed Media

During our review, multiple instances of non-compliance were identified. These 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. 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 ten 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 April 22, 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, two are 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 Keene 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.
2. 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: 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 April 22, 2021, a review of the Title II program, Activity #80069 for November 2019 was conducted which included contractual services with Keys to Literacy LLC. The contract was for the amount of \$40,248, however no supporting documentation for method of procurement was provided.

Questioned Costs: The questioned cost is for the contract in the amount of \$40,248.00.

Context: While the contract offers services that are allowable under the Title II 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.

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 Keene School District update their procurement policy and create a procedure to reflect proper controls, such as School Board sign off on procurement as an added step to ensure compliance per 2 CFR. Additionally, in the future procurement reimbursement requests will be subject to random review and testing to ensure procedures are being followed and the District is compliant.

Finding #03

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 April 22, 2021, a review of the multiple programs (as indicated in the table above) was conducted. During this review multiple instances of noncompliance surrounding time and effort documentation was found.

Title I Part A

Activity #79114 expenses reported November 2019: time and effort documentation was signed before the end of the time period. Documentation must be signed on the last day or after the time period in question is complete, to certify the work.

Title II Part A

Activity #80065 expenses reported November 2019: no time and effort documentation was kept for the ten (10) employees paid in this activity.

Title IV A

Activity #91017 expenses reported September 2020: no time and effort documentation was kept. District was utilizing their version of a stipend, which doesn't meet Federal requirements.

Questioned Costs: Total questioned cost for all activities is \$30,767.22.

Context: The timesheets provided to show the time spent relative to the Programs and Grants in question does not meet all of the Federal requirements for such documentation. The documentation should include the following information; Grant information, time spent on the Grant, period of performance, name of employee, signature of employee and/or supervisor, signature must be dated after the period of performance, and a certifying statement that the information stated is true. Currently, the Keene School District has no procedure surrounding time and effort, which is leading to inconsistency in documentation across all Programs.

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

Requirement(s): The NHDOE is requiring that the Keene School District update their time and effort documentation 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 time and effort specific procedure will need to be created and implemented. Additionally, the NHDOE required the Keene School District to retroactively come into compliance by ensuring Federally compliant time and effort documentation be executed for the three ‘Salary and Benefits’ activities noted above that are currently not compliant.

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 March 31, 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 by the required completion date.

Finding #01

Required Completion Date: March 31, 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: March 31, 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: March 31, 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 time and effort procedure and a copy of the newly implemented time and effort document. Additionally, we require the District to supply the NHDOE with the retroactive time and effort documents for the employees mentioned in 'Finding #03'.

-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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