



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

Laconia School District

School Year 2019-2020

Provided by the NHD OE, Bureau of Federal Compliance

October 4, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, NH 03301
TEL. (603) 271-3495
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October 4, 2021

Steve Tucker, Superintendent SAU 30 (via email only)
Heather Lounsbury, School Board Chairperson
39 Harvard Street
Laconia, NH 03246

Superintendent Tucker and School Board Chairperson Lounsbury,

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds onsite monitoring for the Laconia School District, conducted on October 21 & 22, 2020 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 applicable.

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)
Christine Blouin, Business Administrator, SAU 30 (via email only)
Joe Cormier, School Board Member, SAU 30 (via email only)

Dawn Johnson, School Board Member, SAU 30 (via email only)
Mal Murray, School Board Member, SAU 30 (via email only)
Laura Dunn, School Board Member, SAU 30 (via email only)
Aaron Hayward, School Board Member, SAU 30 (via email only)
Nick Grenon, School Board Member, SAU 30 (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	The current policy for the District, GBEC, is not compliant in accordance with 34 CFR 84.200. As a member of the NHSBA, you can refer to their example policy.
Procurement Policy	2 CFR 200.318-327	Yes	
Conflict of Interest/Standard of Conduct Policy	2 CFR 318(c)(1)	Yes	
Inventory Management Policy	2 CFR 200.313(d)	Yes	
District Travel Policy	2 CFR 200.474(b)	Yes	
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	
Records Retention Policy/Procedure	2 CFR 200.333	Yes	
Prohibiting the Aiding and Abetting of Sexual Abuse Policy	ESEA 8546	Yes	
Allowable Cost Determination Policy/Procedure	2 CFR 200.302(b)(7)	Yes	
Gun Free School Act	Gun Free School Act of 1994	No	None provided.

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. See Finding #01 below for more information.

District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, thirty-nine (39) 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	IDEA	202561	Oct-19	78924	\$ 45,706.64	Salaries and Benefits
2	IDEA	202561	Oct-19	78977	\$ 1,987.41	Salaries and Benefits
3	IDEA Preschool	202561	Oct-19	78920	\$ 3,078.44	Salaries
4	Title I Part A	20200048	Feb-20	80863	\$ 600.00	Salaries
5	Title I Part A	20200048	Feb-20	79922	\$ 26,856.78	Salaries and Benefits
6	Title I Part A	20200048	Feb-20	79913	\$ 17,873.96	Salaries and Benefits
7	Title I Part A	20200048	Feb-20	79502	\$ 2,580.00	Travel & Tuition Reimbursement
8	Title I Part A	20200048	Feb-20	85946	\$ 481.14	General Supplies
9	Title I Part A	20200048	Feb-20	85880	\$ 5,346.00	General Supplies
10	Title I Part A	20200048	Feb-20	79508	\$ 297.00	Student Transportation
11	Title I Part A	20200048	Feb-20	88002	\$ 6,229.02	Electronic Information
12	Title I Part A	20200048	Apr-20	80862	\$ 269.13	Salaries and Benefits
13	Title I Part A	20200048	Apr-20	80861	\$ 161.48	Salaries and Benefits
14	Title I Part A	20200048	Apr-20	79515	\$ 1,800.00	Instructional Salaries and Benefits
15	Title I Part A	20200048	Apr-20	79504	\$ 471.50	Travel
16	Title I Part A	20200048	Apr-20	80856	\$ 1,270.26	New Furniture and Fixtures
17	Title I Part A	20200048	Apr-20	79507	\$ 16,343.18	General Supplies
18	System of Care	202558	Apr-20	82704	\$ 139.88	Supplies
19	System of Care	202558	Apr-20	82031	\$ 969.90	Purchased Professional/Technical Services
20	System of Care	202558	Apr-20	82030	\$ 5,303.55	Travel
21	System of Care	202558	Apr-20	82029	\$ 850.00	Purchased Professional/Technical Services
22	System of Care	202558	Apr-20	82027	\$ 5,102.84	Salaries and Benefits
23	Title II Part A	20200160	Jan-20	78980	\$ 17,925.52	Salaries and Benefits
24	Title IVB- 21st Century	20200022	Oct-19	78918	\$ 10,153.32	Administrative Salaries and Benefits
25	Title IVB- 21st Century	20200022	Oct-19	78922	\$ 1,375.51	Contracted Services & Student Transportation
26	Title IVB- 21st Century	20200022	Oct-19	78921	\$ 140.00	Contracted Services
27	Title IVB- 21st Century	20200022	Oct-19	78919	\$ 27,719.76	Salaries and Benefits
28	Title IVB- 21st Century	20200022	Apr-20	78918	\$ 8,936.72	Administrative Salaries and Benefits
29	Title IVB- 21st Century	20200022	Apr-20	78921	\$ 80.00	Purchased Professional/Technical Services
30	Title IVB- 21st Century	20200022	Apr-20	78919	\$ 18,439.64	Salaries and Benefits
31	McKinney-Vento Homeless	20200275	Nov-19	81827	\$ 10,755.00	Student Transportation Services
32	McKinney-Vento Homeless	20200275	Nov-19	81826	\$ 311.51	Travel
33	McKinney-Vento Homeless	20200275	Nov-19	81825	\$ 4,306.00	Salaries and Benefits
34	McKinney-Vento Homeless	20200275	Dec-19	81830	\$ 874.01	Contract with Keene State
35	Perkins V	20203125	Feb-20	77473	\$ 592.08	Salaries and Benefits
36	Perkins V	20203125	Feb-20	77474	\$ 343.47	Purchased Professional/Technical Services/Transportation
37	Perkins V	20203125	Mar-20	77475	\$ 32.78	Travel
38	Perkins V	20203125	Mar-20	77476	\$ 23,954.49	Salaries/Benefits & Information Access Fee
39	Perkins V	20203125	Apr-20	77481	\$ 1,510.63	Salaries and Benefits

During our review, one instance of non-compliance was noted in the thirty-nine GMS reimbursement requests. 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 thirty-nine 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 October 21 & 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 were found to be non-compliant.

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 have yet to approve the policies required, which could lead to additional enforcement action under 2 CFR 200.

Recommendation: The NHDOE is requiring the Laconia 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. Drug Free Workplace policy in accordance with 34 CFR 84.200 and the Drug-Free Workplace Act of 1988.
2. Gun Free School Act in accordance with the Gun Free School Act of 1994.

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 October 21 & 22, 2020, 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: None

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 there were time and effort documentation missing for a few employees within Title II Part A and Perkins.

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 Laconia School District develop and implement a 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, 2021. 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 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.