



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

Manchester School District

School Year 2019-2020

Provided by the NHDOE, Bureau of Federal Compliance

October 11, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
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October 11, 2021

Dr. John Goldhardt, Superintendent SAU 37
Mayor Joyce Craig, Chairman of the Board
20 Hecker Street
Manchester, NH 03102

Interim Superintendent Goldhardt and Chairman of the Board Craig:

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds onsite monitoring procedure for Manchester School District/SAU 37, conducted on March 30 & 31, 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,

Lindsey Labonville

Lindsey Labonville

cc:

Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)
Karen DeFrancis, Chief Financial Officer, SAU 37 (via email only)
Leslie Want, Vice Chair, SAU 37 (via email only)
Julie Turner, School Board Member, SAU 37 (via email only)
Peter Perich, School Board Member, SAU 37 (via email only)
Kathleen Kelley Arnold, School Board Member, SAU 37 (via email only)
Ben Dion, School Board Member, SAU 37 (via email only)
Karen Soule, School Board Member, SAU 37 (via email only)
Jane Beaulieu, School Board Member, SAU 37 (via email only)
Dr. Nicole Leapley, School Board Member, SAU 37 (via email only)
Jeremy Dobson, School Board Member, SAU 37 (via email only)
Dan Bergeron, School Board Member, SAU 37 (via email only)
Jim O'Connell, School Board Member, SAU 37 (via email only)
Joseph Lachance, School Board Member, SAU 37 (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	No	Policy DAF was approved by the board on 5/24/21, however the procurement policy was not fully compliant. A revision to the procurement policy will be brought to the board.
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	Not Applicable. The District does not have subrecipients, therefore this policy is not necessary.
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	The District does not have this policy, GADA. As a member of the NHSBA, you can refer to their example policy.
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 identified above are notated below in ‘Finding #01’.

District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, fifty (50) 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	202519	Oct-19	81032	\$ 121,169.85	Salaries and Benefits
2	IDEA	202519	Oct-19	79903	\$ 6,661.18	Salaries and Benefits
3	IDEA	202519	Oct-19	79902	\$ 29,531.27	Salaries and Benefits
4	IDEA	202519	Oct-19	79898	\$ 5,439.80	Salaries and Benefits
5	IDEA-Preschool	202519	May-20	78405	\$ 8,868.23	Salaries and Benefits
6	McKinney Vento Homeless	20200302	Nov-19	81834	\$ 1,535.00	Professional Services
7	McKinney Vento Homeless	20200302	Feb-20	81834	\$ 6,577.87	Professional Services, Supplies, Computers/Equipment
8	Title I Part A	20200376	Nov-19	79623	\$ 7,894.07	Salaries and Benefits
9	Title I Part A	20200376	Nov-19	79647	\$ 16,031.87	Salaries and Benefits
10	Title I Part A	20200376	Nov-19	79640	\$ 32,415.43	Salaries and Benefits, Supplies, Professional Services
11	Title I Part A	20200376	Nov-19	79637	\$ 10,714.77	Salaries and Benefits
12	Title I Part A	20200376	Nov-19	79630	\$ 11,664.15	Salaries and Benefits, Electronic Information
13	Title I Part A	20200376	Nov-19	79615	\$ 1,059.95	Professional Services, Supplies
14	Title I Part A	20200376	Nov-19	79617	\$ 88,302.68	Salaries and Benefits
15	Title I Part A	20200376	Sep-20	79648	\$ 11,178.36	Books and Other Printed Media
16	Title I Part A	20200376	Sep-20	79647	\$ 8,201.10	Books and Other Printed Media
17	Title I Part A	20200376	Sep-20	79639	\$ 16,998.88	Professional Services, Supplies, Books and Printed Media
18	Title I Part A	20200376	Sep-20	79633	\$ 1,335.70	Supplies, New Furniture and Fixtures
19	Title I Part A	20200376	Sep-20	79632	\$ 160.02	Equipment
20	Title I Part A	20200376	Sep-20	79619	\$ 6,292.62	Travel, General Supplies
21	Title I Part A	20200376	Sep-20	79615	\$ 2,167.98	Professional Services, Supplies, Books and Printed Media
22	Title I Part A	20200376	Sep-20	79610	\$ 1,443.27	General Supplies
23	Title I Part A	20200376	Sep-20	79617	\$ 3,251.15	Salaries and Benefits
24	Title II Part A	20200231	Jun-20	86355	\$ 26,336.86	Salaries and Benefits
25	Title II Part A	20200231	Jun-20	86495	\$ 2,000.00	Professional Services
26	Title II Part A	20200231	Jun-20	86401	\$ 7,200.00	Professional Development
27	Title II Part A	20200231	Jun-20	83065	\$ 9,275.91	Salaries and Benefits
28	Title II Part A	20200231	Jun-20	82914	\$ 63,955.88	Salaries and Benefits
29	Title III	20200319	Jun-20	84823	\$ 3,037.15	Books and Information Resources
30	Title III	20200319	Jun-20	84835	\$ 5,000.00	Books and Other Printed Media
31	Title III	20200319	Aug-20	84834	\$ 1,040.76	Salaries and Benefits
32	Title III	20200319	Aug-20	84835	\$ 25,082.50	Salaries and Benefits
33	Title IVB- 21st Century	20200023	Dec-19	80374	\$ 1,620.11	Salaries and Benefits
34	Title IVB- 21st Century	20200023	Dec-19	80368	\$ 1,244.98	Professional Services-Instruction
35	Title IVB- 21st Century	20200023	Dec-19	80370	\$ 410.22	General Supplies
36	Title IVB- 21st Century	20200023	Jan-20	80366	\$ 25,947.89	Salaries and Benefits
37	Title IVB- 21st Century	20200023	Jan-20	80372	\$ 118.56	Communications
38	Title IVB- 21st Century	20200023	Jan-20	80367	\$ 48.52	Salaries and Benefits
39	Title IVB- 21st Century	20210024	Sep-20	89660	\$ 14,932.48	Salaries and Benefits
40	Title IVB- 21st Century	20210024	Sep-20	89658	\$ 4,059.12	Salaries and Benefits
41	Title IVB- 21st Century	20210024	Sep-20	89688	\$ 178.68	Communications
42	Perkins V	20203127	Nov-19	77516	\$ 1,891.00	Dues and Fees
43	Perkins V	20203127	Nov-19	77515	\$ 12,340.23	Salaries, Benefits, Supplies, Transportation, Professional Serv.
44	Perkins V	20203127	Nov-19	77514	\$ 14,750.68	Travel, Dues and Fees, Professional Services
45	Perkins V	20203127	Nov-19	77512	\$ 401.35	Salaries and Benefits, Bottled Gas
46	Perkins V	20203127	Nov-19	77511	\$ 69,053.24	Supplies, Equipment, Dues and Fees, Professional Serv, Travel
47	Perkins V	20203127	Nov-19	77510	\$ 7,631.07	Salaries and Benefits
48	CARES-ESSER	20204850	Dec-20	91739	\$ 8,440.17	Professional Services and Equipment
49	CARES-ESSER	20204850	Dec-20	91735	\$ 627.70	New Computers and Electronic Information
50	CARES-ESSER	20204850	Dec-20	91734	\$ 3,264.70	Services 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 fifty 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.

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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 March 30 & 31, 2021, we noted two 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 not 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 not updated their Drug-Free Workplace policy since 2018, which could lead to additional enforcement action under 2 CFR 200.

Requirement(s): The NHDOE is requiring the Manchester 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. Procurement policy in accordance with 2 CFR 200.318-327.
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: When the value of the procurement for property or services under a Federal financial assistance award exceeds the Simplified Acquisition Threshold (SAT), or a lower threshold established by a non-Federal entity formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with 2 CFR 200.319 or paragraph (C) of section 200.320 (b). Additionally, the non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the SAT including contract modifications (2 CFR 200.324 (a)). And finally, the non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed (2 CFR 200.324 (b)).

Condition: During our monitoring visit conducted on March 30 & 31, 2021, a review of Title I Part A was conducted for Activity 79640 for the reimbursement request of November 2019. A contract in the amount (for Federal funds) of \$270,000 for Southern New Hampshire University (SNHU) was entered. No other documentation surrounding the procurement method was provided.

Questioned Costs: The contract amount for Federal funds is \$270,000.

Context: While the contract offers services that are allowable under the Title I Part A program, no justification or documentation for price or procurement method was documented.

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 Manchester School District create a procurement procedure in compliance with 2 CFR. At the time of this procurement, the Manchester School District did not have a compliant procurement policy. After the School Board adopted the DAF in May, the procurement policy was still missing required information. The Business Office must ensure the procurement policy as adopted by the School Board is being used. Additionally, 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 March 30 & 31, 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:

IDEA/IDEA Preschool

Activity #81032 October 2019- \$121,169.85

Activity #78406 May 2020- \$8,868.23

TITLE I PART A

Activity #79630 November 2019- \$9,164.15

Activity #79647 November 2019- \$16,031.87

Activity #79640 November 2019- \$19,134.37

Activity #79617 November 2019- \$88,302.68

TITLE II PART A

Activity #86355 June 2020- \$26,336.86

Activity #82914 June 2020- \$63,955.88

TITLE III

Activity #84835 August 2020- \$25,082.50

TITLE IVB 21C-

Activity #80366 January 2020- \$25,947.89

PERKINS

Activity #77515 November 2019- \$9,482.41- Stipend work. No time and effort provided.

Activity #77512 November 2019- \$401.35

Activity #77510 November 2019- \$7,631.07

Context: The timesheets provided to show the time spent relative to the Programs and Grants in question do 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 Manchester School District has no procedure surrounding time and effort, which would outline the process in which an employee and supervisor acknowledges their electronic signatures and certification that the information they are submitting is factual.

The Manchester School District also did not provide any time and effort documentation for stipend work, which also requires time and effort.

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 procedure has led to this compliance concern and questioned cost.

Requirement(s): The NHDOE is requiring that the Manchester School District update their time and effort documentation to ensure compliance. Additionally, we require not only that the District have the appropriate documentation in place, but also that the resulting documentation is prepared in accordance with the policy and procedure. The District must retroactively come into compliance and supply the NHDOE with the necessary time and effort documentation for the activities where no time and effort was provided, otherwise repayment of the entire questioned cost may be required.

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 by the required completion date.

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 procurement procedure.

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 retroactive time and effort documentation for the activities in question.

-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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