



New Hampshire

Department of Education

Federal Fiscal Monitoring Final Report

New Castle School District

School Year 2019-2020

Provided by the NHDOE, Bureau of Federal Compliance

September 20, 2021

Frank Edelblut
Commissioner



Christine M. Brennan
Deputy Commissioner

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, NH 03301-3860
TEL. (603) 271-3494
FAX (603) 271-1953**

September 20, 2021

Salvatore Petralia, Superintendent SAU 50
Daphne Schwab, School Board Chair
70 Post Road
Greenland, NH 03840

Superintendent Petralia and School Board Chair Schwab:

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 New Castle School District/SAU 50, conducted on May 24, 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)
Susan Penny, Business Administrator, SAU 50 (via email only)
Jane Lannon, Joint Board Member, New Castle, SAU 50 (via email only)
Rebecca Audet, Joint Board Member, New Castle, SAU 50 (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Drug-Free Workplace Policy	34 CFR 84.200 and the Drug-Free Workplace Act of 1988	No	District policy is outdated from 2015 and does not include required Federal language per 34 CFR 84.200. As a member of the NHSBA you can review their 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	The District has not adopted any such policy. As a member of the NHSBA you can review their 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.

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, four (4) 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	Title II Part A	20200259	Jul-20	86813	\$1,482.66	Professional Services
2	Title IV A	20200716	Jun-20	88200	\$500.00	Consultation Fee
3	Title IV A	20200716	Jul-20	86820	\$217.34	Professional Services
4	Title IV A	20200716	Dec-20	94707	\$979.00	Software and Salaries

During our review, multiple instances of non-compliance were identified. Non-compliance was generally identified as a result of a lack of policies being followed. In addition to our finding(s) we have made one recommendation.

1. The NHDOE recommends that the New Castle School District implement a control around the review of grant activities within an application to reduce the amount of errors falling in the “Object Code” of an activity. For instance, Activity #94707 December 2020 is partially classified as ‘Salaries’, however no salaries were paid in this activity. Rather \$600 was paid for three courses (Fuel Education) on behalf of a student named Lorelei Houston. In this instance, the activity should have an object code such as ‘Software’, ‘Dues and Fees’, or something similar.

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 four 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 May 24, 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 not compliant with Federal requirements.

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 established or approved policies that meet Federal requirements for three different policies, which could lead to additional enforcement action under 2 CFR 200.

Requirement(s): The NHDOE is requiring the New Castle 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. Prohibiting the Aiding and Abetting of Sexual Abuse Policy in according with ESEA 8546.
2. 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: Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirement upon non-Federal entities (2 CFR 200.334).

Condition: During our monitoring visit conducted on May 24, 2021, a review of Title IV A, Activity #88200 for the month of June 2020 was conducted. Upon review of the activity, required documentation to show compliance within the various activities was either missing or not kept. Payment was made to Camp Spirit LLC, however there was no proof of a contract or agreement made with the vendor.

Questioned Costs: Total cost of this activity is \$500.00.

Context: While there was supporting documentation for each activity, there was not complete information to ensure Federal compliance of money spent within the above mentioned activity.

Effect: Supporting documentation, records, and any other documents pertinent to a Federal award must be retained in accordance with 2 CFR 200.334-338 and in accordance with the District's record retention policy and schedule.

Cause: A lack of controls surrounding the record retention 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 New Castle School District establish a procedure surrounding record retention and that they use said procedure in accordance with Federal requirements. Additionally, the District may be subject to random testing to ensure compliance of record retention. Testing may include the requirement to upload documentation into GMS for a random activity to ensure compliance before a reimbursement will be issued.

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 completed record retention procedure. The District may also be subject to random testing, which at that time would require uploading of supporting documentation before reimbursement.

-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.

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.