

**NHDOE Federal Funds Monitoring
Corrective Action Plan**

(Use a separate form for each Corrective Action Item)

Subrecipient contact: *Brendan MINNIFAN Superintendent*

Subrecipient: *Newport School District, SAU #43*

Action Item: *Finding 1*

Description: *Supporting Documentation For Procurement*

Date: *10-6-21*

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):

Edward Enard, Business Administrator

10-6-21

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:

The District has reviewed the DAF Policy with individuals responsible for purchases. The Business Administrator will review future purchasing to insure compliance. The District will create and implement a written procurement procedure by 12/31/21

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.

Findings

Finding #01

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 5, 2021, a review of the IDEA program, Activity #79519 for April 2020 was conducted which included contractual services with the New England Center for Children (NECC). The contract was for the amount of \$186,683.40, however no supporting documentation for cost comparisons, negotiations, or noncompetitive procurement were provided.

Questioned Costs: \$186,683.40.

Context: While the contract offers services that are allowable under the IDEA 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 and the apparent absence of a procurement procedure has led to this compliance concern and questioned cost. Additionally, it appears that even though the Newport School Board has adopted DAF the policy is not being followed by the District Business Office.

Requirement(s): The NHDOE is requiring that the Newport School District create and implement a written procurement procedure to reflect proper internal controls which meet all of the requirements of 2 CFR 200. In addition, the District should adhere to the terms and requirements of the DAF policy adopted by the Newport School Board. Furthermore, the District may be subject to random testing, which would require documentation being uploaded to support the procurement activity before a reimbursement can take place.

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Subrecipient contact: *Brendan Munnihan Superintendent*

Subrecipient: *Newport School District, SAU #43*

Action Item: *Finding 2*

Description: *Supporting Documentation For Procurement*

Date: *10-6-21*

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):

Edward Emond, Business Administrator

10-6-21
Date

Name of person completing this form

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:

The District has reviewed the DAF Policy with individuals responsible for purchases.
The Business Administrator will review future purchasing to insure compliance.
The District will create and implement a written procurement procedure by 12/31/21

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.

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). Additionally, the non-Federal entity must maintain records sufficient to detail the history of procurement. These records, will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition: During our monitoring visit conducted on April 5, 2021, a review of the Title I program, Activity #84660 March 2020 was conducted which included an outside contract with Troy Kennett, MS Ed. According to the activity in GMS, the contract is for \$9,500. Upon further review, a second activity for services also rendered by Troy Kennett, MS Ed. was reimbursed in the amount of \$9,500. In an attempt to retrieve documentation to support this activity, an email response from Business Manager, Edward Emond, was received which included an invoice from Troy Kennett, MS Ed. for these services rendered. The invoice was for a total of \$38,000. \$19,000 was paid for by Title I funds and the remainder was paid with IDEA funds. The total for these services is above the micro-purchase threshold therefore requiring certain Federal requirements, which have not been met.

Questioned Costs: \$38,000 total.

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

Effect: Any procurement of services must follow the procurement standards in 2 CFR 200.318 through 200.326. Non-compliance could lead to additional compliance concerns and questioned costs.

Cause: A lack of controls surrounding the procurement policy and appeared absence of a procurement procedure 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 District Business Office.

Requirement(s): The NHDOE makes no further requirement for this finding as 'Finding #01' is similar in nature and dictates the same requirement.

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Subrecipient contact: *Brendan Munnihan Superintendent*

Subrecipient: *Newport School District, SAU #43*

Action Item: *Finding 3*

Description: *Time And Effort*

Date: *10-6-21*

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):

Edward Enond, Business Administrator

10-6-21

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:

The District HAS Reviewed The DAF-9 Policy with individuals responsible for keeping records. Business Administrator will insure future compliance. District will ensure time and effort procedures are updated and in place by December 31, 2021

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.

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 5, 2021, a review of multiple programs was conducted (see graph above). During this review multiple instances of noncompliance surrounding time and effort documentation was found. The issue are listed below by Program:

CARES-ESSER

Activity 96038 October 2020- No time and effort documentation was kept.

Title I Part A

Activity 79430 January 2020- The grant information is missing from time and effort documentation.

Title IV A

Activity 92406 August 2020- No time and effort documentation for Erin Mullen was provided.

Questioned Costs: No questioned costs.

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 supervisor, signature must be dated after the period of performance, and a certifying statement that the information stated is true. Additionally, time and effort documentation must be kept for every employee fully or partially paid with Federal fund regardless if working onsite or remotely.

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 Newport 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 specific time and effort procedure must be in place to reflect proper internal controls in accordance with 2 CFR. Furthermore, future reimbursement requests may not be approved until time and effort is supplied in support of the activity in question.