



New Hampshire
Department of Education

**Federal Fiscal Monitoring Final Report
Portsmouth School District
School Year 2019-2020**

Provided by the NHDOE, Bureau of Federal Compliance

October 18, 2021

Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner



**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION**
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October 18, 2021

Stephen Zadravec, Superintendent SAU 52
Kristin Jeffrey, Chairman of the Board
1 Junkins Avenue, Suite 402
Portsmouth, NH 03801

Superintendent Zadravec and Chairman of the Board Jeffrey:

Thank you for assisting the New Hampshire Department of Education, Bureau of Federal Compliance (NHDOE, BFC) in the Federal funds monitoring procedure for Portsmouth School District/SAU 52, conducted on May 20, 2021 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 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

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.

cc:

Caitlin Davis, Director, NHDOE Division of Education Analytics and Resources (via email only)
Nathan Lunney, Chief Financial Officer, SAU 52 (via email only)
Tara Kennedy, Vice Chair, SAU 52 (via email only)
Nancy Novelline Clayburgh, School Board Member, SAU 52 (via email only)
Pip Clews, School Board Member, SAU 52 (via email only)
Brian French, School Board Member, SAU 52 (via email only)
Jeffrey Landry, School Board Member, SAU 52 (via email only)
Margaux Peabody, School Board Member, SAU 52 (via email only)
Hope Van Epps, School Board Member, SAU 52 (via email only)
Ann Walker, School Board Member, SAU 52 (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	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)	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	Yes	None
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 noted below in 'Finding #01'.

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District GMS Reimbursement Requests

In addition to reviewing District/SAU policies required by Federal law and rule, fifteen (15) 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	CARES-ESSER	20204832	Aug-20	92683	\$72,663.50	Remote Instruction
2	CARES-ESSER	20204832	Aug-20	92688	\$28,360.80	Salaries and Benefits
3	CARES-ESSER	20204832	Aug-20	92684	\$8,918.50	Software
4	IDEA	202663	May-20	78413	\$109,618.50	Salaries and Benefits
5	IDEA	202663	Dec-20	86075	\$500.00	Professional Educational Services
6	IDEA Preschool	202663	Dec-20	86072	\$453.25	General Supplies
7	Title I Part A	20200223	Sep-19	80461	\$25,053.07	Salaries and Benefits
8	Title I Part A	20200223	Sep-19	81353	\$3,295.00	Electronic Information
9	Title I Part A	20200223	Aug-20	81563	\$1,863.80	Summer Programming
10	Title II Part A	20200318	Nov-19	82491	\$2,926.56	Professional Educational Services
11	Title II Part A	20200318	Nov-19	81051	\$17,231.33	Salaries and Benefits
12	Title III	20200352	May-20	86388	\$2,323.28	Salaries and Benefits
13	Title IV A	20200458	Jun-20	90958	\$10,500.00	Professional Educational Services
14	Perkins V	20203133	Sep-19	77479	\$2,261.42	Dues and Fees
15	Perkins V	20203133	Nov-19	77439	\$874.20	Travel and Fees

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 fifteen 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 20, 2021 we noted one policy has 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, one was 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 the Drug Free Workplace policy in accordance with 34 CFR 84.200 and the Drug-Free Workplace Act of 1988.

Requirement(s): The NHDOE is requiring the Portsmouth 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 in accordance 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: As a recipient of Federal funds certification of effort to document salary expenses charged directly or indirectly again 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 May 20, 2021, a review of multiple programs (as indicated in the table above) was conducted. During this review, one instance of noncompliance surrounding time and effort documentation was found.

Questioned Costs: \$28,360.80 for CARES-ESSER Activity 92688 August 2020.

Context: The activity was for teacher summer learning. These teachers were paid with stipends out of the CARES-ESSER grant. Currently, the Portsmouth School District has no procedure surrounding time and effort, which would outline that all employees who are paid with federal funds, to include stipends, must complete time and effort documentation.

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 the Portsmouth School District to develop and implement a time and effort procedure. Additionally, 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.

Finding #03

Criteria or specific requirements: As a recipient if Title II Part A Federal funds, the recipient of funds must follow ESEA requirements for Equitable Services within ESEA section 1117(a)(4)(B) and 1117(d)(1) ESEA section 8501(a)(4)(B) and 8501(d)(1). This requirement ensures that the LEA is financially responsible for paying any invoices for products and services, and not the private school. This requirement also ensures that all districts are responsible for having a Meaningful Consultation with private schools to discuss the grants, and what the private schools needs may be.

Condition: During our monitoring visit conducted on May 20, 2021, a review of multiple programs (as indicated in the table above) was conducted. During this review, one instance of noncompliance surrounding equitable services was found.

Questioned Costs: \$2,926.56 for Title II Part A Activity 82491 November 2019.

Context: During the monitoring visit, it was found that Robert Evans, contractor providing Title II Part A professional development sent the invoice for \$2,926.56 to Saint Pats Private School. The private school paid for the invoice, and then requested Portsmouth School District reimburse them for the expense. In conversation during the visit, it was noted that this activity was not discussed during the Equitable Service Meaningful Consultation with the private school. While this activity is allowable, the contractor providing services should never send the invoice to the private school. Invoices should always go to the district to pay.

Effect: District must follow ESEA requirements for Equitable Services within ESEA section 1117(a)(4)(B) and 1117(d)(1) ESEA section 8501(a)(4)(B) and 8501(d)(1).

Cause: A lack of controls surrounding Equitable Services and the lack of procedures has led to this compliance concern and questioned cost.

Requirement(s): The NHDOE is requiring that the Portsmouth School District reach out to Robert Evans and request he send the money back to the private school and have Robert Evans send a new invoice for the activity to the Portsmouth School District Superintendent's Office for repayment. Portsmouth School District can then sent a check upon invoice to Robert Evans. In addition, the private school is required to send a check in the amount of the activity back to the Portsmouth School District.

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 May 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: May 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: May 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 and the retroactive time and effort documentation for the stipend work mentioned in Finding #02.

Finding #03

Required Completion Date: May 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 proof of payment and invoice for Robert Evans at the district level, not the private school as described 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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