



Park Hill School District

Building Successful Futures • Each Student • Every Day

FEDERAL FINANCIAL INTERNAL CONTROLS & PROCEDURES

PARK HILL SCHOOL DISTRICT

Federal Financial IC and Procedures v.20170727.docx

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FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

As a precondition to receive federal funds, prospective recipients must have effective administrative and financial internal controls. As described in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, OMB Uniform Guidance and the Compliance Supplement, school districts must have written procedures for certain components of grant administration. This document itemizes the district's procedures for those components.

District Wide elements. The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements. COSO also has published *Guidance on Monitoring Internal Control Systems* (January 2009), which is available at www.coso.org/GuidanceonMonitoring.htm. Statement on Auditing Standards No. 109 (SAS 109), *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) and a related AICPA audit guide, *Audit Guide, Assessing and Responding to Audit Risk in a Financial Statement Audit*, incorporate the components of internal control presented in the COSO Report.

Characteristics of internal control relating to each of the five components of internal control that should reasonably assure compliance with the requirements of Federal laws, regulations, and program compliance requirements. A description of the components of internal control and examples of characteristics common to the 12 types of compliance requirements are listed below. Objectives of the 12 types of compliance requirements follow this introduction.

CONTROL ENVIRONMENT

Control Environment sets the tone of an organization influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

- Sense of conducting operations ethically, as evidenced by a code of conduct or other verbal or written directive.
- The Board of Education is responsible for engaging the auditor, receiving all reports and communications from the auditor, and ensuring that audit findings and recommendations are adequately addressed.
- Management's positive responsiveness to prior questioned costs and control recommendation.
- Management's respect for and adherence to program compliance requirements.
- Key managers' responsibilities clearly defined.
- Key managers have adequate knowledge and experience to discharge their responsibilities.
- Staff knowledgeable about compliance requirements and being given responsibility to communicate all instances of noncompliance to management.
- Management's commitment to competence ensures that staff receive adequate training to perform their duties.
- Management's support of adequate information and reporting system.

RISK ASSESSMENT

Risk Assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.

- Program managers and staff understand and have identified key compliance objectives.
- Organizational structure provides identification of risks of noncompliance:
 - Key managers have been given responsibility to identify and communicate changes.
 - Employees who require close supervision (e.g. inexperienced) are identified.
 - Management has identified and assessed complex operations, programs, or projects.
 - Management is aware of results of monitoring, audits, and reviews and considers related risk of noncompliance.
- Process established to implement changes in program objectives and procedures.

CONTROL ACTIVITIES

Control activities are addressed in each compliance element area.

INFORMATION AND COMMUNICATION

Information and Communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

- Accounting system provides for separate identification of Federal and non-Federal transactions and allocation of transactions applicable to both.
- Adequate source documentation exists to support amounts and items reported.
- Recordkeeping system is established to ensure that accounting records and documentation retained for the time period required by applicable requirements, and the provisions of laws, regulations, contracts or grant agreements applicable to the program.
- Reports provided timely to managers for review and appropriate action.
- Accurate information is accessible to those who need it.
- Reconciliations and reviews ensure accuracy of reports.
- Established internal and external communication channels.
 - Staff meetings.
 - Bulletin boards.
 - Memos, circulation files, e-mail.
 - Surveys, suggestion box.
- Employees' duties and control responsibilities effectively communicated.
- Channels of communication for people to report suspected improprieties established.
- Actions taken as a result of communications received.
- Established channels of communication between the pass-through entity and sub recipients.

MONITORING

Monitoring is a process that assesses the quality of internal control performance over time.

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, supervisory review, and management review of reports.
- Periodic site visits performed at decentralized locations (including sub recipients if applicable) and checks performed to determine whether procedures are being followed as intended.
- Follow up on irregularities and deficiencies to determine the cause.
- Internal reviews are performed.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls.
- The Board of Education reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action if needed.

ACTIVITIES ALLOWED OR UNALLOWED & ALLOWABLE COSTS/COST PRINCIPLES

CONTROL OBJECTIVES

To provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

CONTROL ACTIVITIES

- Accountability provided for charges and costs between Federal and non-Federal activities.
 - The board approved district-wide budget is reviewed periodically by the [Assistant Superintendent for Business and Technology](#). The Federal grant application budgets are reviewed periodically by the [federal program directors](#) and the [Assistant Superintendent for Academic Services](#).
- Process in place for timely updating of procedures for changes in activities allowed and cost principles.
 - The [Assistant Superintendent for Business and Technology](#) and the [Assistant Superintendent for Academic Services](#) reviews Compliance Supplement - 2 CFR Part 200 - Appendix XI on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year.
- Computations checked for accuracy.
 - The allowable costs are recorded in the appropriate general ledger accounts and the accounting software is designed to ensure balances are mathematically accurate.
- Supporting documentation compared to list of allowable and unallowable expenditures.
 - The [Assistant Superintendent for Academic Services](#) and the [federal program director](#) reviews all expenditures prior to being submitted for reimbursement via the online payment request, by reviewing the Allowability in the Supplement.
- Adjustments to unallowable costs made where appropriate and follow-up action taken to determine the cause.
 - Upon determination of an unallowable cost by the program director, the accounting department would recode the expenditure to an appropriate account. If the unallowable cost has been requested for reimbursement; notification to the pass-thru agency will be made by the program director.
- Adequate segregation of duties in review and authorization of costs.
 - The [federal program director](#) submits and approves a purchase order by submitting a requisition to the business office. The requisition is approved by the [Purchasing Agent](#). If the amount of the requisition is over \$5,000, the [Assistant Superintendent for Business and Technology](#) then approves the requisition. The accounts payable department places the order through processing of the purchase order. Upon receipt of the appropriate documentation from the [federal program director](#); and after the goods have been received. Payment is processed in the district financial system.
- Accountability for authorization is fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs.
 - The [Assistant Superintendent for Business and Technology](#) is the final authorization of reimbursement requests, federal budget reporting and the final expenditure reports to be sent to

the Missouri Department of Elementary and Secondary Education using the EPeGs reporting system.

CASH MANAGEMENT

CONTROL OBJECTIVES

To provide reasonable assurance that the (1) drawdown of Federal cash is only for immediate needs, (2) reimbursement is requested only after costs have been incurred, (3) States comply with applicable Treasury agreements, and (4) recipients limit payments to sub recipients to immediate cash needs.

CONTROL ACTIVITIES

- Cash flow statements by program are prepared to determine essential cash flow needs.
 - Responsibility reports are generated monthly and reviewed by the [federal program director](#). The [Accounting Coordinator](#) monitors the timely requests for reimbursement of expenditures.
- The accounting system reports actual expenditures by date/period. Requests for funds from the Department of Elementary and Secondary Education must occur as to receive reimbursement clearly after the disbursement of the expenditures.
 - The district operates on strictly a reimbursement basis and accordingly the expenditures have been disbursed before reimbursement funds are received.
- Appropriate level of supervisory review of federal cash management activities.
 - The [Accounting Coordinator](#) initiates the paperwork required for federal grant expenditure reimbursement. Consideration is made for the timeliness of the request.
 - The [federal program director](#) reviews the financial reports for Allowability of expenditures and account codes usage. The [federal program director](#) submits the reimbursement request to the Missouri Department of Elementary and Secondary Education in the EPeGs system.
 - The Board of Education reviews bills for payment and monthly financial statements.
- Written policy that provides:
 - Procedures for requesting federal reimbursements as close as is administratively possible to actual cash outlays and reimbursement only after costs have been incurred and distributed;
 - Monitoring of federal reimbursement activities; and
 - Repayment of excess interest earnings where required.
- The district operates on a reimbursement basis. The [Accounting Coordinator](#) monitors cash activities daily. Reimbursed expenditure receipts do not collect interest. Consideration of interest earnings are reviewed on a monthly basis.

ELIGIBILITY

CONTROL OBJECTIVES

To provide reasonable assurance that only eligible individuals and organizations receive assistance under Federal award programs, that sub awards are made only to eligible sub recipients, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

CONTROL ACTIVITIES

- Written policies provide direction for making and documenting eligibility determinations.
 - The [Assistant Superintendent for Business and Technology](#) and the [Assistant Superintendent for Academic Services](#) reviews Compliance Supplement - 2 CFR Part 200 - Appendix XI on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year. Eligibility requirements for each grant are considered and discussed with the program director to collectively design a plan to determine that only eligible individuals and organizations receive assistance under Federal award programs. Eligibility determinations are documented on State and/or Federal forms when provided. When no forms are available, the district will use internally developed forms for documentation.
- Procedures to calculate eligibility amounts consistent with program requirements.
 - The district does not have any grants where funds are given directly to individuals. The [Assistant Superintendent for Business and Technology](#) reviews Compliance Supplement - 2 CFR Part 200 - Appendix XI on an annual basis by reviewing the Supplement for each of the grants that apply to the district that year. Amounts are then determined on a building basis to provide services to the eligible recipients.
- Eligibility objectives and procedures clearly communicated to employees.
 - The [Assistant Superintendent for Business and Technology](#) and program directors meet to review eligibility requirements for the various programs upon approval of the grants. The program directors will then communicate this information with appropriate support personnel to help them carry out their program responsibilities.
- Authorized signatures (manual or electronic) on eligibility documents are periodically reviewed.
 - Authorized signatures are included on eligibility documents provided by the State or Federal government when a signature line is included on the form.
- Adequate safeguards in place to ensure access to eligibility records (manual or electronic) limited to appropriate persons.
 - Eligibility records are maintained in the [Assistant Superintendent for Business and Technology](#) office or the applicable building office with access by a limited number of persons.
- Manual criteria checklists or automated process used in making eligibility determinations.
 - The district uses documents, forms or templates provided by the State or Federal governments when available. If no form is available, the district will develop its' own form for documentation of eligibility.

- Process for periodic eligibility re-determinations in accordance with program requirements.
 - Eligibility for programs services is determined on an annual basis. However the district reviews the Compliance Supplement - 2 CFR Part 200 - Appendix XI for re-determination requirements.
- Verification of accuracy of information used in eligibility determinations.
 - The district relies on Compliance Supplement - 2 CFR Part 200 - Appendix XI to itemize requirements for determining eligibility. Accuracy of such information is verified through independent third party verification. Such verification could include reviewing household paystubs, bank statements, utility bills, etc.
- Procedures to ensure the accuracy and completeness of data used to determine eligibility requirements.
 - The district relies on Compliance Supplement - 2 CFR Part 200 - Appendix XI to itemize requirements for determining eligibility. Accuracy of such information is verified through independent third party verification.
- Process in place to ensure benefits were discontinued when eligibility requirements no longer met or period of eligibility expired.
 - Eligibility for programs services is determined on an annual basis. An individual is considered eligible for the program period of availability or the district's fiscal year, whichever is shorter. Accordingly, there would be no discontinuation of benefits during this period.

EQUIPMENT AND REAL PROPERTY MANAGEMENT

CONTROL OBJECTIVES

To provide reasonable assurance that proper records are maintained for equipment acquired with Federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance of any equipment or real property is in accordance with Federal requirements, and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use.

CONTROL ACTIVITIES

- Accurate records maintained on all acquisitions and dispositions of property acquired with Federal awards.
 - The [federal program director](#) maintains a detailed capital asset register with federal and non-federal asset purchases. Within the register is an identifier that indicates the funding source. This register is maintained on a periodic basis.
- Property tags are placed on equipment.
 - Property tags are placed on equipment purchased with federal funding by district support staff. These items can be traced back to the asset records through serial and/or model numbers and location. This process is maintained by the district program director and periodically reviewed.
- A physical inventory of equipment is periodically taken and compared to property records.

- A physical inventory of equipment acquired under federal awards is conducted at least every two years under the program director's supervision. Any differences between the physical inventory and the equipment records are resolved.
- Property records contain:
 - A description of the equipment
 - A serial number or other identification number
 - The cost of the equipment
 - Federal Award Identification Number (FAIN)
 - The funding source of equipment
 - Percentage of the cost paid with Federal funds.
 - Who holds the title to the equipment
 - The acquisition date
 - The location of the equipment (building/classroom/individual)
 - Use and condition of the equipment
 - Any ultimate disposition data including the date of disposal and sale price.
- The [federal program director](#) maintains these records. A physical inventory is conducted at least every two years.
- Procedures established to ensure that the federal awarding agency is appropriately reimbursed for dispositions of property acquired with federal awards.
- The [Assistant Superintendent for Business and Technology](#) reviews disposition of equipment acquired under federal awards with a current per unit fair market value of \$5,000 or more to determine whether the awarding agency should be reimbursed for the appropriate federal share.
- Policies and procedures in place for responsibilities of recordkeeping and authorities for disposition.
- The [federal program director](#) maintains the federal capital asset register while the [Assistant Superintendent for Business and Technology](#) reviews the register annually. The [Assistant Superintendent for Business and Technology](#) will authorize capital asset dispositions prior to removal from the register.

MATCHING, LEVEL OF EFFORT, EARMARKING

CONTROL OBJECTIVES

To provide reasonable assurance that matching, level of effort or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.

CONTROL ACTIVITIES

- Evidence obtained such as a certification from the donor, or other procedures performed to identify whether matching contributions:
 - Are from non-federal sources;

- Involve Federal funding, directly or indirectly; and
- Were used for another federally-assisted program.
- Note: Generally, matching contributions must be from a non-federal source and may not involve federal funding or be used for another federally assisted program.
- The [Assistant Superintendent for Business and Technology](#) and the [Assistant Superintendent for Academic Services](#) reviews the Compliance Supplement - 2 CFR Part 200 - Appendix XI annually. The district annual financial budgets are adopted including dollars needed for matching contributions for federal grants.
- Adequate review of monthly cost reports and adjusting entries.
- The [federal program director](#) reviews responsibility reports for federal grants monthly. Expenditure reports are reviewed for allowable expenditures under grant requirements.

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

CONTROL OBJECTIVES

To provide reasonable assurance that federal funds are used only during the authorized period of availability.

CONTROL ACTIVITIES

- Accounting system prevents obligation or expenditure of federal funds outside of the period of availability.
 - The [Assistant Superintendent for Business and Technology](#) reviews all grant applications approved by the awarding agency to identify the funding period. This information is communicated with program directors to promote consistent use of grant funds throughout the period of availability. The [Assistant Superintendent for Business and Technology](#) reviews all expenditures to ensure they were incurred within the proper funding period.
- Review of disbursements by person knowledgeable of period of availability of funds.
 - The [Assistant Superintendent for Business and Technology](#) reviews all expenditures to ensure they were incurred within the proper funding period.
- End of grant period cut-offs are met by such mechanisms as advising program managers of impending cut-off dates and review of expenditures just before and after cut-off date.
 - The [Assistant Superintendent for Business and Technology](#) reviews all expenditures to ensure they were incurred within the proper funding period.
- Cancellation of unliquidated commitments at the end of the period of availability.
 - The [Assistant Superintendent for Business and Technology](#) reviews open purchase orders within thirty days prior to the end of the period of availability. Open purchase orders are either paid (if goods have been received) or closed within that thirty day period.

PROCUREMENT AND SUSPENSION AND DEBARMENT

CONTROL OBJECTIVES

To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, and that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party.

CONTROL ACTIVITIES

- Job descriptions or other means of defining tasks that comprise particular procurement jobs.
 - Job descriptions have been created for all positions and are available in all district building offices.
- Contractor's performance with the terms, conditions, and specifications of the contract is monitored and documented.
 - An independent third-party construction manager monitors contractor's performance and reports financial information monthly to the [Assistant Superintendent for Business and Technology](#). The construction manager also meets with the district operations director and subcontractors to review the projects performance. Minutes of these meetings are kept and forwarded to the Superintendent and [Assistant Superintendent for Business and Technology](#).
- Establish segregation of duties between employees responsible for contracting and accounts payable and cash disbursing.
 - The Board of Education is responsible for approving the contracts based on bids received. The construction manager processes the contracts to each successful bidder. Upon receipt of progress billings, the construction manager bills the district monthly for all progress billings. The [Assistant Superintendent for Business and Technology](#) processes billings and forwards to accounts payable department for payment.
- Procurement actions appropriately documented in the procurement files.
 - All procurement is subject to the board approved purchasing guidelines. Orders over \$3,500 require three written quotes. Formal sealed bids and board approval are required for orders over \$15,000. If fewer than three providers sell or provide the service or product, document that fact and consult the available provider(s). Supporting documentation is maintained in accordance with the district's retention policy.
- [Federal program directors](#) review procurement and contracting decisions for compliance with federal procurement policies.
 - The [Assistant Superintendent for Business and Technology](#) reviews RFP's, bid proposals and/or quotes and the resulting purchase orders for compliance with federal regulations.
- Procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government.
 - The district [Purchasing Agent](#) performs a verification check for covered transactions by checking the Excluded Parties List System at www.sam.gov prior to contracting with a vendor exceeding \$25,000.
- Official written policy for procurement and contracts establishing:

- Contract files that document significant procurement history;
- Methods of procurement, authorized including selection of contract type, contractor selection or rejection, and the basis of contract price;
- Verification that procurements provide full and open competition;
- Requirements for cost or price analysis, including for contract modifications;
- Obtaining and reacting to suspension and debarment certifications; and
- Other applicable requirements for procurements under federal awards are followed.
- Refer to the districts' "Purchasing and Reimbursement Procedures" policy.
- Official written policy for suspension and debarment that:
 - Contains or references the federal requirements;
 - Prohibits the award of a sub award, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party; and
 - Requires staff to determine that entities receiving sub awards of any value and procurement contracts equal to or exceeding \$25,000 and their principals are not suspended or debarred, and specifies the means that will be used to make that determination, i.e., checking the System for Award Management (Sam.gov); obtaining a certification; or inserting a clause in the agreement.
 - Refer to the Federal Procurement section in the districts' "Purchasing and Reimbursement Procedures" policy.

PROGRAM INCOME

CONTROL OBJECTIVES

To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements.

CONTROL ACTIVITIES

- Pricing and collection policies procedures clearly communicated to personnel responsible for program income.
- Mechanism in place to ensure that program income is properly recorded as earned and deposited in the bank as collected.
 - Monthly reconciliation of bank deposits by [Accounting Coordinator](#).
- Policies and procedures provide for correct use of federal monies in accordance with federal program requirements. Policies and procedures are periodically reviewed by the [Assistant Superintendent for Academic Services](#).
- Program income is gross income received that is directly generated by the federally funded project during the grant period. The district does not currently receive federally funded grants for programs that generate program income.

REPORTING

Control Objectives

To provide reasonable assurance that reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Control Activities

This section incorporates reporting control activities for financial, performance and special reporting, as applicable.

- Written policy exists that establishes responsibility and provides the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
 - The [Assistant Superintendent for Business and Technology](#) reviews the Compliance Supplement - 2 CFR Part 200 - Appendix XI for reporting requirements applicable to each grant. Responsibility reports are generated monthly and reviewed by the program directors for accuracy of information and progress of the grant. The [Assistant Superintendent for Business and Technology](#) is responsible for accumulating the necessary data for timely reporting.
- Tracking system which reminds staff when reports are due.
 - Deadlines for grant reporting are notated in the business office with support through the Department of Elementary and Secondary Education ePeGs.
- The general ledger or other reliable records are the basis for the reports.
 - Responsibility reports are generated monthly from the district's financial software and reviewed by the program directors and [Assistant Superintendent for Business and Technology](#) for accuracy of information and progress of the grant. Other reports, such as pupil accounting records, are reviewed by the [Assistant Superintendent for Business and Technology](#) periodically for accuracy and completeness.
- Supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.
 - Responsibility reports are generated from the district's financial software and reviewed by the [Assistant Superintendent for Business and Technology](#) and the [Assistant Superintendent for Academic Services](#) for accuracy of information. The financial, performance or special reports are prepared by the [Assistant Superintendent for Business and Technology](#) based on the data from the responsibility reports.
- The required accounting method is used (cash or accrual).
 - The district uses the cash basis of accounting.
 - The [Assistant Superintendent for Business and Technology](#) reviews the Compliance Supplement - 2 CFR Part 200 - Appendix XI for reporting requirements applicable to each grant and prepares the report based on the applicable accounting method.

SUBRECIPIENT MONITORING

Control Objectives

To provide reasonable assurance that federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.

Control Activities

- Identify to subrecipients the federal award information (e.g., CFDA title and number, award name, name of Federal agency, amount of award) and applicable compliance requirements.
- Include in agreements with subrecipients the requirement to comply with the compliance requirements applicable to the federal program, including the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200.
- Subrecipients' compliance with audit requirements monitored using techniques such as the following:
 - Determining by inquiry and discussions whether subrecipient met thresholds requiring an audit under Compliance Supplement - 2 CFR Part 200
 - If an audit is required, assuring that the subrecipient submits the report, report package or the documents required by Compliance Supplement - 2 CFR Part 200 and/or recipient's requirements; and
 - If a subrecipient was required to obtain an audit in accordance with Compliance Supplement - 2 CFR Part 200 but did not do so, following up with the subrecipient until the audit is completed. Taking appropriate actions such as withholding further funding until the subrecipient meets the audit requirements.
- Subrecipient's compliance with federal program requirements monitored using such techniques as the following:
 - Issuing timely management decisions for audit and monitoring findings to inform the subrecipient whether the corrective action planned is acceptable,
 - Maintaining a system to track and follow-up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken,
 - Regular contacts with subrecipients and appropriate inquiries concerning the federal program,
 - Reviewing subrecipient reports and following-up on areas of concern,
 - Monitoring subrecipient budgets,
 - Performing site visits to subrecipients to review financial and programmatic records and observe operations, and
 - Offering subrecipients technical assistance where needed.

- Official written policies and procedures exist establishing:
 - Communication of federal award requirements to subrecipients;
 - Responsibilities for monitoring subrecipients;
 - Process and procedures for monitoring;
 - Methodology for resolving findings of subrecipient noncompliance or weaknesses in internal control; and
 - Requirements for and processing of subrecipient audits, including appropriate adjustment of pass-through entity's accounts.

Subrecipient monitoring applies when federally funded grants are passed through, either in their entirety or in part, to a third party from the district. The district currently retains all federally funded grants and does not pass any funds through to others. If the district chooses to pass through funding with future grants, the internal controls related to Subrecipient Monitoring will be designed and implemented at such time.

FINANCIAL MANAGEMENT SYSTEMS

The financial management system of the district must meet the following standards:

1. ***Financial reporting.*** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the reporting requirements of the grant.
 - a. See REPORTING section of this document.
2. ***Accounting records.*** Records adequately identify the source and application of funds provided for financially-assisted activities.
 - a. Accounting is done by analyzing, recording, summarizing and interpreting financial transactions of the school district. The financial record system is adequate to provide financial and related operational information for all interested parties: the school board; the administration; the public; auditors; local, state and federal authorities; and school employees. It is also designed to demand accuracy and a reasonable degree of internal control.
 - b. Park Hill School District uses Alio Financial software for financial management of the district. The software provides applications that allow for the completion of the accounting and payroll processes necessary to remain compliant with applicable State and Federal laws.
3. ***Internal control.*** Effective control and accountability must be maintained for all grant cash, real and personal property, and other assets. The district must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
 - a. The district's internal controls over significant transaction streams are documented separately.
4. ***Budget control.*** Actual expenditures or outlays must be compared with budgeted amounts for each grant.
 - a. The district's procedures for developing, approving and amending the budget are documented separately.

- b. The [Assistant Superintendent for Business and Technology](#) reviews the responsibility reports for each federal grant comparing actual to the federal approved budget on a monthly basis to monitor grant progress.

SUPPLIES

Materials and supplies are defined as tangible personal property other than equipment, costing less than \$5,000 (based on the district's capitalization policy), or other lower threshold consistent with grantee policy. Materials and supplies that are necessary to carry out the project are allowable as prescribed in the governing cost principles. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, with the grantee or subgrantee. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federal sponsored program or project, the grantee or subgrantee shall compensate the awarding agency for its' share.

PAYMENTS

This section prescribes the basic standard and the methods under which a federal agency will make payments to grantees and grantees will make payments to subgrantees and contractors.

(See CASH MANAGEMENT section of this document.)

The district currently retains all federally funded grants and does not pass any funds through to others. If the district chooses to pass through funding with future grants, the internal controls related to Subrecipient Monitoring will be designed and implemented at such time.

PAYROLL

Compensation for personnel services includes all remuneration, paid currently, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225.

- The individual's total wage or salary is reasonable for the service rendered; i.e., it was consistent with wages or salaries paid for similar work in other activities of the district.

- The individual's employment conformed to local employment laws and regulations meeting federal merit system or other requirements, where applicable.
- The payroll charge is supported by documentation prescribed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.
- The payroll charge is supported by personnel activity reports; e.g., time and attendance records.
- Charges for leave, employee insurance, pension plans, etc., are reasonable and required by law, employee agreements, or an established policy of the district and are distributed equitably to federal programs and other activities.
- Charges for authorized absences such as annual leave, sick leave, holidays, court leave, military leave and other similar benefits are allowable and are allocated equitably to all federal programs and other activities.

FEDERAL TIMEKEEPING

Park Hill School District performs the following to meet federal timekeeping requirements:

- A payroll time sheet is completed each payroll period by any employee whose wage is being funded by a federal grant source. This time sheet is reviewed and approved by the program director or principal.
- Any employee whose time is split between a federal grant and another funding source completes a Personnel Activity Report monthly indicating how much time was spent performing the functions funded by each source. This report is reviewed and approved by the program director or principal.
- Any employee whose time is funded by a federal source completes a Time Certification Form twice a year which is reviewed and approved by the program director or the principal.
- Any employee who is providing instructional support services to students and is funded by a federal grant, completes a log of the students he or she has worked with and what type of instructional support was provided.

CONFLICTS OF INTEREST/PECUNIARY INTERESTS

Park Hill School District has approved policy that the Board of Education shall not knowingly enter into a contract with any supplier of goods and/or services under which any Board member, officer, employee or agent of the school district has any pecuniary or beneficial interest either direct or indirect, unless the person has not solicited the contract or participated in the negotiations leading up to the contract.

Board members and school personnel shall not accept any gifts or favors from vendors which might, in any way, influence their recommendations on the eventual purchase of equipment, supplies or services.

Purchases made by the district do not show any favoritism toward any vendor. Each order is placed in accordance with the policies of the Board on the basis of quality, price and delivery with past service a factor if all other considerations are equal.

TRAINING FOR FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

All new employees will be given proper training for the procedures itemized in this document by existing, experienced staff members. The length of training is commensurate with the amount of prior experience of the new employee and will be adequate so he or she fully understands the financial procedures of the district. Employees will receive refresher training as needed.

CONSEQUENCES OF COMPLIANCE FAILURES

All employees are instructed to follow the procedures contained herein. Any employee who does not follow these procedures as instructed will be disciplined in a progressive manner as itemized in the district's Personnel Policy Handbook and/or related Education Association contract agreements.

RECEIPT OF HANDBOOK

I have received a copy of the Park Hill School District Federal Financial Internal Controls and Procedures and this handbook is the property of Park Hill Public Schools. I understand this handbook is designed to acquaint me with the current procedures in regards to federal programs. I understand that Park Hill School District reserves the right to interpret, modify, or eliminate any of these procedures at any time. As a recipient of this handbook, I understand that I am responsible for knowing its' contents and any updates.

Employee Name (Printed)

Employee Signature

Date

Superintendent or Designee

Date

The original signed document will be kept in the employee's personnel file until three years after leaving the district.