

FORT MILL SCHOOL DISTRICT NO. 4

FEDERAL AWARDS

INTERNAL CONTROLS MEMO

Fort Mill School District (“District”) is aware of the importance of effective internal control and have always attempted to implement it appropriately. We consider the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) requirements while developing the internal controls for each of the District’s federal programs. The COSO requirements are listed below.

Internal Control Component	Principles
Control environment	<ol style="list-style-type: none">1. Demonstrate commitment to integrity and ethical values2. Ensure that board exercises oversight responsibility3. Establish structures, reporting lines, authorities and responsibilities4. Demonstrate commitment to a competent workforce5. Hold people accountable
Risk assessment	<ol style="list-style-type: none">6. Specify appropriate objectives7. Identify and analyze risks8. Evaluate fraud risks9. Identify and analyze changes that could significantly affect internal controls
Control activities	<ol style="list-style-type: none">10. Select and develop control activities that mitigate risks11. Select and develop technology controls12. Deploy control activities through policies and procedures
Information and communication	<ol style="list-style-type: none">13. Use relevant, quality information to support the internal control function14. Communicate internal control information internally15. Communicate internal control information externally
Monitoring	<ol style="list-style-type: none">16. Perform ongoing or periodic evaluations of internal controls (or a combination of the two)17. Communicate internal control deficiencies

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GENERAL INFORMATION;

Fort Mill School District No. 4 qualifies for various types of federal funding based on many factors to include performance and demographics. All federal grants are to be administered in accordance with the terms of the specific grant's guidance provided and expenditures are to be in compliance with the provisions provided in the grant.

ADMINISTRATION;

The program Executive Director ("grant administrator") oversees the preparation and submission of the annual budget to the South Carolina Department of Education ("SCDE") using the Grants Accounting Processing System ("GAPS"). The grant administrator is also responsible for the monitoring and oversight of the fund expenditures.

The grant administrator prepares a project proposal and submits it to the SCDE. After the proposal is approved by the SCDE, the District can start being reimbursed for funds expended. The district's Coordinator of Financial Services maintains the reimbursement requests, budget, and expenditure records. All expenditures and budget adjustments must be approved by the grant administrator. The Finance Department always monitors and assists as needed with all revenues and expenditures. Initial budget loads are entered by the department and approved by the Finance Department upon notification. Budget loads and modifications take place in the GAPS system unless otherwise notified by the SCDE. The grant administrator aligns staff as needed by location and works with the HR department to determine salary levels. For all other expenditures, the grant administrator approves the purchase requisition which is then entered into the District's purchasing system. The Finance/Procurement Department reviews all requisitions and POs for accuracy, proper funding codes, and purchasing compliance. The District's Procurement Code applies to all purchases and may require additional approval. Upon approval, the PO is released to the department to place the order. When the supplies or goods ordered are received, proof of receipt is submitted to the District's Accounts Payable ("AP") department. AP then matches the invoice to the approved PO and proof of receipt and processes the invoice for payment. The grant administrator, department bookkeeper, and the Coordinator of Financial Services all monitor the program expenditures for compliance to the budget and grant document. The Coordinator of Financial Services completes the reimbursement for expenditures in GAPS and forwards it to the Assistant Superintendent for Finance & Operations for approval and submission to the SCDE via GAPS for processing and payment. Funds are received under the same procedures used for receipt of all funds in the District's finance department.

Allowability Procedures

The grant administrator reviews all requisitions to ensure that the program operations comply with the grant application, budget, and the State Department of Education Guidelines and that all expenditures are for allowable activities. The grant administrator approves and reviews all invoices to ensure that they are only for allowable items. The Finance/Procurement Departments also review to ensure that purchasing activities are allowable.

Allowable Costs

The District handles expenditures for Federal programs in the following manner: for salaries and related employee benefits, the District identifies all personnel who are assigned to each program, verifying that these personnel are actually working on activities allowed by the grant documents (teachers, aides, psychologists, administrative personnel, etc.) The salaries and related cost for these employees are appropriately coded by the payroll department. However, it is not a requirement that an employee working directly with any grant to be paid from the grant funding code. Time and effort is determined by job function and the grant for which their work pertains. Employees working directly for the program are verified throughout the year via a Semi-Annual Certification or a Personnel Activity Report (PAR) as required by federal guidelines. For expenditures other than salaries, the grant administrator reviews them to ensure they are eligible expenses. A cost is allowable when it is permitted according to the terms and conditions of the federal award, meets the policies of the District, the state funding manual and federal regulations and it serves a purpose consistent with the District's mission, including instruction, pupil services, and/or public service. The Payroll and AP register is reviewed and signed by the Director of Finance.

Indirect Costs:

The District may allocate indirect costs to all Federal programs per the "Indirect Cost Negotiation Agreement" with the South Carolina Department of Education.

Budget:

Annually, the budget for federal funds is prepared by the grant administrator and becomes part of the Grant application. The Federal grant applications often takes until late in the school year to be accepted by the State Department of Education and returned to the District.

Cash Management Procedures

Each quarter, the Coordinator of Financial Services prepares a reimbursement claim (expenditure report) to the SDE for expenditures processed during the specific time frames. Operations within any given department may not always allow for frequent claiming of expenditure reimbursement. This district will make every effort to submit expenditure claims as often as possible. After the claim is entered into the GAPS system, it is reviewed and approved by the Assistant

Superintendent for Finance & Operations and then forwarded to the SCDE for reimbursement processing. The funds are automatically deposited into the SC Local Government Investment Pool c/o Fort Mill School District No. 4.

At the end of the year, the Finance Department receives a Project Accounting Master List and a Payment to Counties Report from the SCDE. The reports are reconciled against the amounts recorded as revenue in the general ledger.

Eligibility

Screening and Acceptance Process

Federal Program Departments are expected to conduct its eligibility practices in accordance with Federal and State guidelines set forth in the grant guidance and in accordance with any SCDE provisions. This may include beginning of school year communications to families, disclosures at any time of the year, ongoing communications and updates, reporting on student/financial data, and maintaining records locally. This is not an exclusive list. Other requirements may apply.

Procurement Procedures

The district handles purchases for Federal grant expenses in the same manner it handles all expenditures. Since the controls are the same regarding federal funds and general purchases, refer to the district's internal control memo regarding procurement and the district's Procurement policy for additional information. It should be noted that when possible, the district utilizes State Contract vendors to avoid having to bid out purchases. All purchases would require grant administrator approval. Inventory is distributed to the person responsible for ordering. A list of tangible/nonexpendable equipment is maintained in the districts accounting software system. For items costing \$5,000 or more individually, the equipment is assigned a District fixed asset tag and becomes part of the districts capital assets unless it is determined they should be treated differently. Each school or department is responsible for the usage and tracking of fixed assets. Any asset that is no longer usable is to be reported to the Districts Accounting Specialist which determines if the equipment has been purchased with federal funds and then determines proper disposal methods.

Matching, Level of Effort, Earmarking

Matching

Depending on the grant award and requirements of matching, any matching funds will be documented and reported as necessary to the grantor. Documentation of matching may become part of the Finance Department grant file or the grant file kept by the grant administrator.

Level of Effort (Maintenance of Effort)

While preparing Federal grant applications each year, the Director of Finance and the program grant administrator ensures that the District expends an amount of state and/or local funds for the program that is at least equal to the amount of state and/or local funds actually expended in the most recent preceding fiscal year. If there are decreases, they are supported by the allowance described in the SDE audit guide. This is documented by the signatures on the grant application. It should be noted that some Federal programs do not require a local Maintenance of Effort calculation. In that case, the verification is calculated at the state level for all funds distributed throughout the state.

Earmarking

N/A

Period of Performance

The Grant Award Notifications (GANs) from the grantor define the period of performance. The district conforms to each individual grant's period of performance. Typically, each year a grant is awarded, the District has roughly two (2) years to spend all of the funds associated with that particular grant, extending from July 1 of the year in which the grant is awarded. The District can carryover money each year from a previous grant, but must spend those funds first before spending any new grant funds in order to comply with the performance requirement.

Procurement, Suspension and Debarment

The District abides by the District's Procurement Policy and Procedures, as well as other applicable district policies. All District purchases including expenditures for federal, state, and local awards follow the same purchasing policies and procedures. Federal and State awards may have guidelines that are followed in addition to District policies. All purchase requisitions are approved by the grant administrator. The Procurement Specialist checks for items such as dollar thresholds, bids, quotes, solicitations, emergency and sole source procurements, purchase order changes, and other justifications. All review levels are met before any order for products or services takes place. These reviews mitigate the risk of violations. In the event that a violation is detected, the Procurement Specialist will address the responsible party in writing and request corrective action(s) to prevent reoccurrence. Violations could result in the loss of purchasing privileges.

Reporting

The District prepares and submits on a quarterly basis the SDE approved Expenditure Report or a report via GAPS, for all expenditures by function and object that occurred during the quarter. The report is prepared by the Coordinator of Financial Services using the general ledger

information generated from the District's accounting software. Any required forms or SCDE system submissions are approved by the Assistant Superintendent for Finance & Operations before being submitted to the SCDE for processing. In the event that operations dictate that the expenditure reporting cannot be done on a quarterly basis, it is completed as quickly as possible before fund close out takes place at, or slightly beyond the end of the fiscal year. This report also serves as a claim for reimbursement of expenditures for reimbursable grants.

Programmatic reporting is also submitted as required by each granting authority. Programmatic reporting guidelines vary with all grants. It is the responsibility of the grant administrator and assigned staff members to know and meet reporting deadlines. In the instances that the reporting includes financial transaction data, it is also the responsibility of the assigned staff members of the Finance Department with oversight from the Director of Finance to know and meet guidelines. In the event a reporting deadline cannot be met under justifiable business circumstances, the proper requests should be made for an extension.

Subrecipient Monitoring

Fort Mill School District No. 4 does not have any subrecipient monitoring for federal grants.

Special Tests and Provisions

Special tests and provisions are handled on a grant by grant basis.

Travel Policy

The District has a board policy regarding travel, Policies BIA/BIB, BID, and DKC that address travel for employees. The District also provides procedures for travel/expense reimbursements and an expense reimbursement form. The board policies and the reimbursement form can be found on the District's website. The District also limits per diem reimbursements made with federal or state grant funds to conform with Federal and State Regulations to meet the Assurances and Terms and Conditions for grant awards that must be signed with each grant awarded by the SCDE.

Conflict of Interest

The District addresses conflicts of interest for school board members in Policy BCB and conflicts of interests for staff in Policies GBEA, GBI, and GRCD.

Document Links

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=207696027&infobase=fort_mill.nfo&softpage=PL_frame#

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=207696027&infobase=fort_mill.nfo&softpage=PL_frame#

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http://www.fortmillschools.org/departments/procurement/procurement_policies_code_and_exemptions/