

Bement CUSD #5 Monitoring Report Fiscal Year 2020

1/10/2020

<u>Commendations</u>	0
<u>Met Requirements</u>	6
<u>Recommendations</u>	1
<u>Action Required</u>	1



U.S. Department of Education
Office of Rural, Insular, and Native Achievement Programs
Office of Elementary and Secondary Education
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Monitoring Process

The Office of Rural, Insular, and Native Achievement Programs (RINAP) is committed to supporting States and local educational agencies (LEAs) as they implement Federal grant programs. Part of this commitment includes a monitoring process designed to not only address the RINAP's responsibilities for fiscal and programmatic oversight, but to also identify areas in which LEAs need assistance and support to meet their goals and obligations. The monitoring process is anchored around ongoing conversations between RINAP program officers and grantees, and is conducted using both off-site (desk) monitoring, as well as on-site monitoring visits to grantees.

The goal of the monitoring process is to conduct a program-centered, performance-focused review of the Small Rural School Achievement Program (SRSA) (section 5211 *et al.* of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESEA)) through a single, streamlined process that results in improved and strengthened partnerships between the United States Department of Education (the Department) and LEAs. To accomplish this, the RINAP monitoring process is organized into specific grant performance topics, which reflect the programmatic and fiscal requirements of the SRSA program.

Monitoring Report

This monitoring report summarizes the results of the October 17, 2019 RINAP site visit and review of Bement Community Unit School District #5's (Bement) grant administration and fiscal management processes. The report is based on information provided during that visit, and other relevant qualitative data. The primary goal of monitoring is to ensure that implementation of the SRSA program is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the ESEA.¹

¹The RINAP office has chosen to focus only on fiscal and select program requirements applicable, as well as the uniform administrative requirements and general management systems of LEAs. Because this report summarizes the results of a non-comprehensive set of ESEA compliance requirements, the issuance of this report does not preclude Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.

Section I: LEA Overview

In Section I, RINAP includes relevant LEA background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), or through standard oversight activities.

Section II: Performance Assessment

The information provided in Section II is intended to help an LEA quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to LEA activities by area, in a manner that enables the LEA to achieve its strategic goals for the reviewed Federal program. The section provides the Department's rating of performance on grant administration of the applicable Title V, Part B program in school year 2019-2020. Each rating reflects how an LEA is addressing fiscal and program requirements in a particular area of grant administration. The Department's analysis for each area is primarily based on evidence submitted by the LEA in the form of answers to the self-assessment questions, documents submitted by the LEA prior to the monitoring, and the responses provided to questions during monitoring interviews. RINAP's rating is also informed by evidence collected through public sources and other components of the monitoring process.

Ratings are based on a four-point scale, for which "met requirements with commendation" represents high-quality implementation where the grantee is exceeding expectations; "met requirements" indicates that work is of an acceptable quality and the grantee is meeting expectations; "met requirements with recommendations" indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and "action required" indicates there are significant compliance or quality concerns that require urgent attention by the LEA and will be revisited until the LEA has remedied the issue.

Section III: Met Requirements with Commendation ●●●●

This section highlights the areas where the LEA has exceeded requirements and is commended on the grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as "met requirements with commendation"). In addition, this section provides an opportunity for the RINAP office to highlight those areas where the LEA has implemented an innovative or highly successful system or approach. In these areas, the Department is not recommending or requiring the LEA to take any further action.

Section IV: Met Requirements ●●●○

This section identifies those areas where the Department has determined that the LEA has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Section II of this report (*i.e.*, those areas categorized as satisfactory quality, "met requirements"). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, the Department is not recommending or requiring the LEA to take any further action.

Section V: Met Requirements with Recommendations ●●○○

This section identifies those areas where the Department has quality implementation concerns related to grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as quality concerns, “met requirements with recommendations”). In these instances, the Department is determining that the LEA is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the Department will provide a recommendation for improvement, but is not requiring the LEA to take any further action.

Section VI: Action Required ●○○○

This section identifies those areas where the Department has “significant compliance and quality concerns” (corresponds to “action required” in Section II). For those issues the Department will outline the current practice, the nature of noncompliance, and the required action. Documentation of required action must be provided to the Department within thirty (30) business days of the receipt of the final Monitoring Report.

SECTION II

Grant Administration and Fiscal Management Evaluation

Assessment Criteria Key



Met requirements with commendation

High quality implementation & compliance.



Met requirements

Satisfactory implementation & compliance.



Met requirements with recommendation

Satisfactory compliance with quality concerns.



Action required

Significant compliance & quality concerns.

		Assessment	
Financial Management	A	● ○ ○ ○	
Period of Availability	B	● ● ○ ○	
Use of Funds	C	● ● ● ○	
Audit Requirements	D	● ● ● ○	
Equipment and Supplies Management	E	● ● ● ○	
Personnel	F	● ● ● ○	
Procurement	G	● ● ● ○	
Indirect Costs	H	● ● ● ○	

SECTION III

Met Requirements with Commendation

N/A

REQUIREMENT SUMMARY

N/A

SECTION IV

Met Requirements

C.

Uses of Funds



REQUIREMENT SUMMARY

An LEA can only use SRSA funds for allowable costs, as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives. An LEA must use SRSA funds to supplement, and not supplant, any other Federal, State or local education funds and must use SRSA funds to carry out local activities authorized under any of the following provisions of the ESEA:

- Title I, Part A
- Title II, Part A
- Title III
- Title IV, Part A or B

ESEA §5212, §5232

Uniform Guidance 2 C.F.R. 200.403-408, 2 C.F.R. 200.420-475

EDGAR 34 C.F.R. 75.530



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

Bement provided evidence that SRSA funds are being used for allowable activities and towards the accomplishment of program objectives. In the past few years SRSA funds have been used to support the school district’s Science, Technology, Engineering and Math (STEM) Laboratory and to purchase laptop computers in support of the school district’s one-to-one initiative. School district staff also verified that SRSA funds are being used to supplement, not supplant any other Federal, State, or local funding sources.

D.

Audit Requirements



REQUIREMENT SUMMARY

An LEA that expends greater than \$750,000 in Federal funding in a given fiscal year is required to have an audit conducted in accordance with the requirements established in the Uniform Guidance. Completed audits must be submitted within the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period. An LEA must promptly follow up and take corrective action on all audit findings.

Uniform Guidance 2 C.F.R. 200.501(a), 2 C.F.R. 200.512



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

Bement does not expend more than \$750,000 in Federal funding in a given fiscal year and as a result, is not required to have an audit in accordance with the requirements established in the Uniform Guidance.

E.

Equipment and Supplies Management



REQUIREMENT SUMMARY

An LEA shall use, manage and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant Federal laws and procedures. LEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance 2 C.F.R. 200.313-314

GAO Green Book Principle 10.03



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

Bement demonstrated compliance with equipment and supplies management rules by submitting detailed purchase guidelines from its Illinois School Code Procedures Manual and by describing how all equipment and supplies purchases with SRSA funds are individually identified and tracked within its inventory management system. In cases involving loss, damage or, theft of property purchased with Federal funds, Bement officials create internal files that detail each issue, tracking any related investigations, and document resolution.

F.

Personnel**REQUIREMENT SUMMARY**

An LEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

[Uniform Guidance 2 C.F.R. 200.430](#)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

Bement does not use SRSA funds for salaries, however school district staff demonstrated that a system of internal controls is in place to support appropriate recordkeeping.

G.

Procurement



REQUIREMENT SUMMARY

An LEA shall ensure that all relevant Federal procurement procedures are followed when procuring goods and services using Federal funds.

Uniform Guidance 2 C.F.R. 200.318, 2 C.F.R. 200.326

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

Bement demonstrated it follows all relevant Federal procurement procedures as well as those detailed in the Illinois School Code Procedures Manual. Bement officials indicated that while they do not solicit bids for purchases, they do ensure that all purchases are cost-effective by making extensive use of coupons and comparison shopping. Bement administrators also scrutinize staff and vendor external relationships to guard against potential conflicts of interest. In addition, all prospective vendors undergo a reference check, and the school district works closely with neighboring school districts to confirm the reliability and cost-effectiveness claims made by prospective vendors.

H.

Indirect Costs**REQUIREMENT SUMMARY**

An LEA shall ensure that indirect costs are only charged at the correct indirect cost rate. LEAs must use a restricted indirect cost rate because of the Supplement, not Supplant provision. An indirect cost is a cost that is incurred for the benefit of the entire organization.

[Uniform Guidance 2 C.F.R. 200.414](#)

[EDGAR 34 C.F.R. 75.560-564](#)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

Bement does not charge indirect costs to Federal funds and therefore has no indirect cost rate agreement in place.

SECTION V

Met Requirements with Recommendation

B.

Period of Availability



REQUIREMENT SUMMARY

An LEA may only charge a grant program for allowable costs incurred during the period of availability (July 1 – September 30 of the following year) and shall liquidate all obligations incurred under the award not later than 90 calendar days after the end date of the period of availability (December 30 of the following year).

EDGAR 34 C.F.R. 75 C.F.R. 703, 75.707

Uniform Guidance 2 C.F.R. 200.309, 2 C.F.R. 200.343(b)

U.S. Code 31 U.S.C. 1552

Department of Education Guidance Late Liquidation Memoranda



ISSUE

Bement provided evidence it only charges for allowable costs within the prescribed period of availability for SRSA formula grants. Bement officials described a fiscal management system under which staff partner with their off-site accountants to ensure that the school district's fiscal planning/budgeting process corresponds with SRSA obligation and liquidation due dates.



RECOMMENDATION

Because the Bement superintendent plans to retire soon, the reviewers recommend that Bement update its Illinois School Code Procedures Manual to include language that references the G5 obligation and liquidation deadlines for SRSA grant funds. Adding these SRSA-specific guidelines will help ensure that future Bement officials will be aware of and adhere to required spending timelines.

SECTION VI

Action Required

A.

Financial Management



REQUIREMENT SUMMARY

An LEA (or its agent) must use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for SRSA funds. In general, an LEA must expend and account for Federal funds in accordance with Federal laws and regulations for expending and accounting for Federal funds. In addition, LEA accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. LEAs must also have written procedures for determining cost allowability and must maintain effective control over all funds.

[EDGAR 34 C.F.R. 75.702](#)

[Uniform Guidance 2 C.F.R. 200.302](#)



ISSUE

Bement follows a standardized process for fiscal management, budgeting and cash management, and payment processing, as outlined in its Illinois School Code Procedures Manual. Bement administrative staff described how SRSA funding requests are made by teachers and administrators in the form of a triplicate purchase order, reviewed for appropriateness and allowability by multiple administrators, and then after approval, included in the Bement spending plan. In late summer, Bement officials review all funding requests for appropriateness before including them in their budget, which is then sent to the school board for review and approval. In addition, each purchase order generated from approved funding requests is coded with a specific program identifier code under which it is to be paid, and administrators work with outside accountants to track, properly record, and report on all transactions.

Although Bement's fiscal control and fund accounting procedures provide a reasonable assurance that SRSA funds are being properly disbursed and accounted for, Bement has a practice of drawing down the entirety of its SRSA funds each fall. Under 2 C.F.R. 200.305(b), recipients of Federal funds must minimize the time elapsing between the transfer of funds from the Treasury, and the payout of those funds for federal assistance program purposes.



REQUIRED ACTION

Within 30 business days of receiving this report, Bement must provide the Department a plan and timeline for implementing revised cash management procedures, which must address how Bement ensures that it minimizes the time that elapses between when Bement draws down funds and when the funds are spent.