

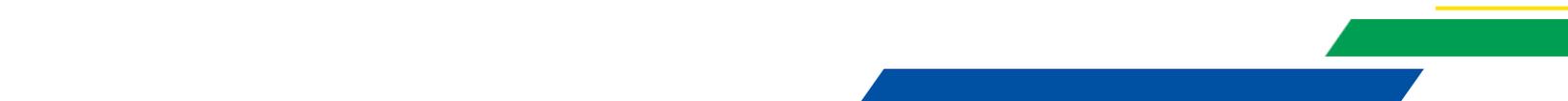
U.S. Department of Education
Rural, Insular, and Native Achievement Programs



Small Rural School Achievement (SRSA) Grant Program

**Fiscal Year 2022 Monitoring Report
Attica Consolidated School Corporation**

August 23, 2022





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Monitoring Information

Process

The Office of Rural, Insular, and Native Achievement Programs (RINAP) is committed to supporting State and local educational agencies (LEAs) as they implement Federal grant programs. Part of this commitment includes a monitoring process designed to not only address RINAP's responsibilities for fiscal and programmatic oversight, but to also identify areas in which grantees need assistance and support to meet their goals and obligations. The monitoring process is anchored around ongoing conversations between RINAP program officers and grantees. For fiscal year (FY) 2022, RINAP conducted this monitoring through off-site (desk) monitoring.

The goal of the monitoring process is to conduct a program-centered, performance-focused review of the Small, Rural School Achievement (SRSA) program through a single, streamlined process that results in improved and strengthened partnerships between United States Department of Education (the Department) and grantees. 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.

Report

This monitoring report summarizes the results of the May 24, 2022, RINAP review of Attica Consolidated School Corporation (Attica) in Attica, Indiana. The report is based on information provided through the monitoring process and other relevant quantitative and qualitative data. The primary goal of monitoring is to ensure that Attica's 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 Elementary and Secondary Education Act of 1965 (ESEA).¹

¹The RINAP office has chosen to focus only on select fiscal and program requirements. Because this report summarizes the results of a non-comprehensive set of fiscal and program requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.



List of Acronyms

Attica: Attica Consolidated School Corporation
Department: U.S. Department of Education
EDGAR: Education Department General Administrative Requirements
ESEA: Elementary and Secondary Education Act of 1965
FY: Fiscal Year
LEA: Local Educational Agency
OESE: Office of Elementary and Secondary Education
REAP: Rural Education Achievement Program
RINAP: Office of Rural, Insular, and Native Achievement Programs
RLIS: Rural and Low-Income School program
SEA: State Educational Agency
Uniform Guidance: Uniform Guidance (2 CFR § 200)

Grantee Overview

Attica is a small, rural LEA located in west-central Indiana. In FY 2021, Attica received funds under the SRSA grant program in the amount of \$20,883. After being selected for monitoring, Attica completed an online self-assessment and participated in a virtual monitoring interview with members of RINAP on May 24, 2022. For purposes of this review, Alice Kinney served as the lead Program Officer and Eric Schulz served as the supporting Program Officer. Leslie Poynter, REAP Group Leader, also participated in the monitoring interview and subsequent processes.



Performance Assessment

Provided below is a performance snapshot for each topic reviewed by RINAP, reflecting how well Attica is meeting specific fiscal and program requirements. Ratings are based on a four-point scale, “commendation”; “met requirements”; “recommendations”; and “action required.” Documentation indicating the completion of each required action must be provided to RINAP within 90 business days of the receipt of the final Monitoring Report. Each rating is described in more detail below:

Section I: Commendation ● ● ● ●

This section highlights the areas where the grantee has exceeded requirements and is commended on the grant administration and fiscal management. In addition, this section provides an opportunity for RINAP to highlight those areas where the grantee has implemented an innovative or highly successful system or approach. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

Section II: Met Requirements ● ● ● ○

This section identifies the areas where RINAP has determined that the grantee has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner. The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

Section III: Recommendation ● ● ○ ○

This section identifies the areas where RINAP has quality implementation concerns related to grant administration and fiscal management. In these instances, RINAP is determining that the grantee is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of select operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, RINAP will provide a recommendation for improvement, but is not requiring the grantee to take any further action.



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Section IV: Action Required ● ○ ○ ○

This section identifies the areas where RINAP has significant compliance and quality concerns. For each issue listed, RINAP will outline the current practice, the nature of noncompliance, and the required action. Documentation indicating the completion of each required action must be provided to RINAP within 90 business days of the receipt of the final Monitoring Report.

Attica Monitoring Assessment

Monitoring Topic	Assessment
Financial Management	Action Required
Period of Availability	Action Required
Uses of Funds	Action Required
Audit Requirements	Met Requirements
Equipment and Supplies Management	Action Required
Personnel	Action Required
Procurement	Met Requirements



I. Commendation



This section highlights areas of high-quality implementation.

N/A



II. Met Requirements: Audit Requirements



This section highlights areas of acceptable quality that are meeting expectations.

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. 200.511\(a\)](#), [2 C.F.R. 200.512](#)

Description

Attica 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.



II. Met Requirements: Procurement



This section highlights areas of acceptable quality that are meeting expectations.

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](#)

Description

Although Attica does not use SRSA funds to purchase items over \$5,000, which would require bidding and adherence to the LEA's procurement policy, Attica provided a sufficient verbal and written description of its procurement policies and procedures. The LEA described a process of internal controls that requires additional levels of scrutiny depending on the value of the purchase. All documentation in support of a purchase requires the approval of multiple staff members, who review all purchase requests for appropriateness. Attica also implements procurement procedures that encourage full and open competition and are in accordance with good administrative practice and sound business judgment. Lastly, the LEA described in detail its policies for ensuring that it does not contract with parties that have been suspended or debarred.



IV. Action Required: Financial Management



This section highlights areas with significant compliance or quality concerns that require urgent attention.

Requirement Summary

An LEA (or its agent) must use fiscal control and fund accounting procedures that ensure 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. 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](#); [2 C.F.R. 200.303](#)

Description

During the monitoring interview, Attica described its financial management practices for handling SRSA grant funds. These practices include an administrative meeting among Attica officials to determine the LEA's highest-need areas and planned uses of funds, determining which funds should be used to procure the selected goods and services, and accessing the grant award in the Department's G5 system. Although these practices signal a basic degree of fiscal control and financial management, neither the descriptions provided during the interview, nor the supporting documentation submitted, including the LEA's budget history report, adequately demonstrate that Attica's current policies and procedures ensure proper disbursement of and accounting for SRSA funds. Attica's current accounting system for the SRSA grant funds consists of handwritten notes and does not provide sufficient detail to track each expenditure from the LEA's SRSA award. Additionally, Attica submitted receipts for expenditures from the fiscal year 2021 SRSA award totaling more than the total amount of the award. The LEA indicated that it is planning to transition to a web-based accounting system during the summer prior to the start of the 2022-2023 school year.

Given that the RINAP reviewers were unable to sufficiently track the LEA's receipts and documentation to verify its compliance with financial management requirements, the LEA's system does not satisfy Federal requirements under 34 CFR 75.702. Lastly, Attica did not provide documentation regarding its written procedures for determining the allowability of costs pursuant to 2 C.F.R. 200.302(b)(7).



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Action Required

Within 90 business days of receiving this report, Attica must provide RINAP with financial management procedures that demonstrate compliance with 34 CFR § 75.702, 2 C.F.R. § 200.302, and 2 C.F.R. § 200.303, which require an LEA to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for any awarded SRSA funds. In particular, the procedures must ensure that the LEA will account for when it receives a Federal award, the award's performance period, and each expenditure associated with the award. The document must also address the requirements that the LEA: have written procedures for determining cost allowability; maintain effective control over all funds; and adhere to supplement, not supplant requirements. Additionally, the updated procedures document should describe how Attica's anticipated transition to a web-based accounting system will adhere to Federal requirements.



IV. Action Required: Period of Availability



This section highlights areas with significant compliance or quality concerns that require urgent attention.

Requirement Summary

An LEA may only charge a grant program for allowable costs incurred during the period of availability (e.g., July 1, 2021 – September 30, 2023) and shall liquidate all obligations incurred under the award not later than 120 calendar days after the end date of the period of availability (e.g., January 31, 2024).

EDGAR: [34 C.F.R. 75.703](#); [34 C.F.R. 75.707](#)

Description

During the monitoring interview, Attica explained that it obligated FY 2021 SRSA funds prior to the start of the grant's performance period (July 1, 2021). While Attica stated that their local school board policy requires purchases be made within the award's period of availability, the LEA staff explained that in order to purchase items for use during the 2021-2022 school year given shipping delays due to COVID-19, the LEA determined that it needed to purchase certain items prior to the SRSA grant start date (i.e., Attica purchased materials before July 1, 2021). 34 CFR 75.703 explicitly states that grantee LEAs may only charge a grant program for allowable costs that are incurred during the period of availability. Therefore, Attica's purchase of materials with SRSA funds prior to the start of the grant period that Attica described during the interview is not consistent with the requirements for obligating and expending SRSA grant funds.

Action Required

Within 90 business days of receiving this report, Attica must provide RINAP with its updated period of availability procedures. This document must demonstrate compliance with 34 CFR 75.703 which requires that an LEA only obligate grant funds during the period of availability specific to each award. The document must include deadlines for obligations and liquidations of SRSA grant funds and ensure that each fiscal year of the SRSA award is tracked separately in the LEA's accounting system. 34 CFR 75.707 defines what constitutes an obligation and should be used to help the LEA determine appropriate obligation procedures.



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Additionally, since the LEA obligated funds from the FY 2021 SRSA award prior to the start of the grant's performance period, Attica must reimburse its SRSA award from the LEA's general fund and submit documentation demonstrating the reimbursement within the LEA's financial management system. At the time of this monitoring report, the LEA is still within the 27-month performance period for its FY 2021 SRSA grant award. Therefore, after reimbursing itself, Attica may then re-obligate these funds for allowable costs in accordance with section 5212 of the ESEA that were obligated at any time between July 1, 2021, and September 30, 2023, which is the end of the FY 2021 SRSA grant performance period.



IV. Action Required: Uses of Funds



This section highlights areas with significant compliance or quality concerns that require urgent attention.

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 may 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](#)

EDGAR: [34 C.F.R. 75.530](#)

Uniform Guidance: [2 C.F.R. 200.403-408](#); [2 C.F.R. 200.420-475](#)

Description

During the monitoring interview, Attica officials informed the RINAP reviewers that its FY 2021 SRSA grant award was used primarily on curriculum support in an effort to reduce student textbook fees. Lesser amounts were allocated to provide stipends to special education, speech pathology, and nursing staff for professional development and other work completed prior to the start of the 2021-2022 school year.

Due to the volume of different expenditures that Attica billed to its FY 2021 SRSA award and given that the Department is requiring Attica to reimburse itself since these expenditures occurred outside of the grant's period of availability, the RINAP reviewers did not make a definitive determination as to whether each of Attica's uses of SRSA funds was allowable and supplemental in nature. However, the LEA's use of funds for curriculum support in particular raises concern that SRSA funds supplanted the costs for expenditures that would otherwise have been supported through Federal, State, or local education funds. As described by the LEA, the State of Indiana allows an LEA to charge parents a curriculum fee for necessary LEA expenditures. The State pays the fee for some parents. The LEA did not provide any evidence that the curriculum purchased with SRSA funds was supplemental to the LEA's required curriculum and rather indicated that the SRSA funds were used to reduce the fee that was passed along to parents.

Action Required

Within 90 business days of receiving this report Attica must provide RINAP with its updated uses of funds procedures, which may be included in the procedures developed to



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address the Financial Management finding described earlier in this report. These procedures must demonstrate compliance with the applicable sections of the ESEA, EDGAR, and Uniform Guidance. These updated procedures should ensure that the LEA will adhere to cost allowability requirements, including the requirement that costs be reasonable and necessary for the accomplishment of program objectives and the requirement that SRSA funds supplement, and do not supplant, any other Federal, State, or local education funds.



IV. Action Required: Equipment and Supplies Management



This section highlights areas with significant compliance or quality concerns that require urgent attention.

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

As part of the monitoring self-assessment, Attica explained that it maintains an inventory for capital equipment purchased that exceeds \$5,000 and that it has not purchased capital equipment with Federal funds. The LEA employs an inventory system that requires staff members to develop and maintain an inventory list throughout each school year. Equipment descriptions and serial numbers are listed and recorded for each item. The inventory list is updated when a new transaction or incident occurs (e.g., a new item, a repair, a lost item) and the appropriate paperwork is completed to reflect the incident. Additionally, the LEA purchased a long-term protection plan, which has helped to repair and protect the Chromebooks purchased with Federal funds, such as the SRSA grant. Attica also presented the Department with written procedures for equipment and supplies management, consistent with Federal laws and regulations, as well as its current inventory list. Although Attica maintains and periodically reviews an inventory list of SRSA-purchased technology, it does not describe the intended use of the items, the source of the funding of the property (including the Federal Award Identification Number (FAIN)), indication of the titleholder for the equipment and supplies, or the percentage of Federal participation in the cost of the equipment and supplies for the award under which it was acquired.

Action Required:

Within 90 business days of receiving this report Attica must provide RINAP with its updated equipment and supplies management procedures. This document must



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demonstrate compliance with 2 C.F.R. 200.313-314 which require that an LEA maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.



IV. Action Required: Personnel



This section highlights areas with significant compliance or quality concerns that require urgent attention.

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

Attica described its process for time and effort reporting to track staff time and effort for staff stipends that were paid with SRSA funds. During the monitoring interview, Attica described a process of verifying employee time and effort where the individual employee being paid with Federal funds tracks their hours worked using a self-regulated and self-created time sheet that is then verified by principals. Given the small size of the stipends, the system of internal controls provides a reasonable assurance that the charges were accurate and allowable. However, since the fiscal year 2021 SRSA funds (which were used to pay teacher stipends prior to July 1, 2021) were not available for allocation until July 1, 2022, the system of internal controls did not ensure the funds were properly allocated.

Action Required

Within 90 business days of receiving this report Attica must provide RINAP with its updated personnel and time and effort procedures. This document must demonstrate compliance with 2 C.F.R. 200.430 which requires that an LEA ensures personnel charges are based on accurate records that are supported by a system of internal controls. The document should describe the internal controls that the LEA will adopt to ensure that charges to Federal awards for salaries are based on records that provide reasonable assurance that the charges are accurate, allowable, and properly allocated. Additionally, personnel charges must meet the obligation requirements defined in 34 C.F.R. 75.707 and must be performed during the supporting grant's performance period.