

**FY 2023 SRSA Monitoring Resolution Report
Custer County School District (CO)**

Section A: Financial Management

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](#)

Issue:

During the monitoring interview, Custer County officials described their financial management practices for handling SRSA grant funds. These practices include assigning an individual to oversee the planning and use of each grant, conducting quarterly reviews of all grant expenditures, performing administrative double-checks of purchase orders, and performing reconciliations as needed. 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 as part of the self-assessment adequately demonstrate that Custer County's current policies and procedures ensure proper disbursement of and accounting for SRSA funds.

While it was made known during the monitoring interview that the LEA has recently begun using an online accounting software designed for school districts, the processes used with the SRSA grant funds from FYs 2019, 2020, and 2021 reflected a different approach. Under the previous financial process, accounting information was entered using hand-written notes. Due to the hand-written element of the previous financial management process, it was discovered that an accounting error occurred when charges for expenditures related to reading were incorrectly attributed to the SRSA grant program. Specifically, this occurred because READ and REAP looked similar on the purchase order. Given that the RINAP reviewers were unable to sufficiently track the LEA's purchase orders, expenditure receipts, and other documentation to verify its compliance, the LEA's system does not satisfy Federal requirements under 34 CFR 75.702. Additionally, Custer County did not provide documentation regarding its written procedures for determining the allowability of costs pursuant to 2 C.F.R. 200.302(b)(7).

Required Action:

Within 90 business days of receiving this report, Custer County must provide RINAP with financial management procedures that demonstrate compliance with 34 C.F.R. § 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 Custer County's recent transition to a web-based accounting system will adhere to Federal requirements.

Documentation:

On December 21, 2023, Custer County submitted its response to the monitoring report. The document, entitled *Custer County School District Financial Management Procedures*, outlines the LEA's processes for the following topics:

- Receipt of a Federal award
- Accounting for a Federal Performance Period
- Accounting for expenditures
- Determining cost allowability

Within these sections the LEA has created written procedures that outline their financial management practices as required in the monitoring report. These procedures include references to their new accounting system.

Status: Resolved