

August 1, 2019

Sherri Fisher
South Colonie Central Schools
102 Loralee Drive
Albany, New York 12205

RE: District Response to Internal Audit Focus Area

Dear Ms. Fisher:

The firm Michael Wolff Advisory Services performed an Internal Audit for 2017-2018 school year, which included the focus area covering Uniform Guidance and Grant Administration. As part of the audit process, they issued a report, dated June 19, 2018. The report was presented to the Board of Education's Audit-Finance Committee along with the Risk Assessment on June 28, 2018.

The 2017-2018 Uniform Guidance and Grant Administration review resulted in the following findings/observations and recommendations.

Observation:

Although the Guidance provides specific requirements written into the law, there has been little opinions, examples or legal guidance provided by the Federal Government to identify what is specifically required to obtain compliance with the regulation. For example, one of the stipulations of the requirements is that the District needs to develop policies and procedures for purchasing to comply with the monetary thresholds of the Guidance; however, if the local government entity has more strict requirements it is supposed to default to the local governments rules and regulations. A review of the South Colonie School district policies and procedures found that the district's purchasing procedures are stricter than the Guidance requirements. However, the district's policies are for 'all purchases'. It is unclear from the guidance whether or no a separate purchasing policy is required for Federal Fund purchases.

Another example of ambiguity in the Guidance is the "Conflict of Interest" policy requirement. Currently the District has a requirement to disclose any conflicts of interest by employees. The Guidance does not specify if this district wide requirement satisfies the Guidance or if specific attestations are required for only those employees involved with the Federal funds purchasing process or if the attestations are required to be completed annually, or for each grant.

Recommendation:

At the time of this report the NYS Education Department is in the process of updating their guidance to provide to schools to ensure New York State School Districts will be able to comply with the Uniform Guidance.

The development of Board Policies and procedures is best to be developed with the review of legal counsel. There are certain vendors which will also provide example policies and procedures for a fee. (e.g. Erie One BOCES) It is recommended the district work with legal counsel or an external procedure vendor to obtain written procedures for implementation.

Response:

The District will review its' written procurement/purchasing procedures and make modifications for compliance with the current Uniform Grant Guidance regulatory requirements. The District will also establish and implement written procedures to accompany the existing conflict of interest policy. Overall, the District will review and modify its written policy provisions or procedures for better compliance with the current Uniform Grant Guidance.

Findings/Observations:

The primary observation noted in the review of Grants Administration is the risk of managing the various aspects and requirements of the grant as well as coordinating the various individuals, departments and outside schools that may be involved in the process. A secondary risk, which is prevalent in most district functions, is to ensure the district has a business continuity plan for grants management.

Additionally, many aspects of the grant functions, current status, and future deadlines are maintained and managed by the grant administrator. Should one of the grant administrators cease employment with the district or have an unexpected leave of absence, it may be difficult or very inefficient to pick-up mid-stream and maintain the program and comply with the grant requirements; thereby requiring training of new staff.

Recommendations:

Grant Committee: Every grant has numerous parties involved with many requirements to satisfy the grant. As a recommended best practice, a "grant committee" should be established and lead by the grant administrator. The scope of responsibility of the committee should be to review all the aspects of the grant once it has been awarded, identify the grants specific requirements, as well as required deadlines. It is recommended that at the beginning of the grant a 'kick-off meeting' is held to cover all aspects of the grant to ensure all parties are aware of their required responsibilities. The operation of this committee will assist in demonstrating compliance of the internal control of appropriate oversight required with the new "Uniform Guidance" requirement.

At a minimum, it is recommended that the members of the grant committee include, the Grant Administrator, Purchasing Agent, Treasurer, Payroll Clerk, and if applicable representative from external schools or vendors that will be receiving pass-through funds. An option member of the committee is the Claims Auditor.

Grant Business Continuity: In the case of an unexpected change in availability or employment of the grant administrator, it is recommended that a “central repository” or “permanent” file is maintained either in electronic or physical form. Within the file would contain the outline of requirements identified during the “kick-off meeting” as well as all forms and data collected throughout the life of the grant. An assistant, alternate “grant administrator” or members of the grant subcommittee should be aware of the files location or have electronic access. This will provide for any unexpected absences and allow the deadlines and filing requirements to be easily picked up by another grant administrator, if needed. It should be noted that in the Business Office there is redundancy between the Treasurer and the Assistant Superintendent for Business, therefore the grant filings should not be of issue, once the necessary information is communicated to them from the grant administrator.

Response:

Grant Committee: The District has begun to have annual meetings to review the grants process with all applicable parties involved.

Grant Business Continuity: Two sets of files are maintained for each grant. One in the business office and one in the program offices. Additionally, there are multiple individuals aware of what is taking place in the grant each grant year at both the program level and the finance level. Therefore, any unexpected absences or turnover should be well managed.

Sincerely yours,

SOUTH COLONIE CENTRAL SCHOOLS



Anjelieeque Martinez
Business Office Manager/
District Treasurer

APPROVED BY
BOARD OF EDUCATION

8-6-2019



PRESIDENT, BOARD OF EDUCATION