

June 14, 2019

NYS Department of Education
Office of Audit Services
89 Washington Avenue
Room 524 EB
Albany, NY 12234

RE: District Response to IDEA Grant Program Review

To Whom It May Concern:

Otis Jones, Senior Auditor, from the NYS Education Department performed an Individual with Disabilities Education Act (IDEA) grant program review of South Colonie Central Schools' records for the period of July 1, 2017 through June 30, 2018. As part of the review, the attached report was issued on April 2, 2019.

This report will be presented to the District's Audit-Finance Committee on June 26, 2019 for review along with the recommended corrective action plan. For each finding, included in the report, the District had indicated the intended corrective action.

Audit Finding #1:

Internal Control - Procurement Standards

Finding Criteria: 2 CFR §200.318 c 1,2 **Conflict of Interest.** The Non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

2 CFR §200.112 Conflict of Interest Mandatory Disclosure. The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

Finding Description: District's procurement/purchasing policy includes required conflict of interest provision. However, district does not have written procedures to accompany the conflict of interest policy provision.

Recommendation: The District should establish and implement conflict of interest written procedures to accompany its conflict of interest policy. Additionally, District should complete comprehensive review of District's written procurement/purchasing and procedures to ensure compliance with current Uniform Grant Guidance regulatory requirements.

Plan of Action:

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

Audit Finding #2:

Internal Control - Procurement Standards

Finding Criteria: §2 CFR 200.326 Appendix II Contract Provisions: (B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement. (H) Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Finding Description: District's procurement policy and procedures submitted for review did not include written procedures or supporting documentation to meet compliance requirement for Uniform Grant Guidance Appendix II Contract provisions.

Recommendation: The District should establish written policy provisions or procedures that ensure compliance with Uniform Grant Guidance Appendix II Contract Provisions 2 CFR §200.326.

Plan of Action:

The District will review and modify its written policy provisions or procedures for better compliance with the current Uniform Grant Guidance.

Audit Finding #3:

Internal Control - Standards for Financial and Program Management specifically written procedures for determining the allowability of costs in accordance with Subpart E-Cost Principles

Finding Criteria: 2 CFR §200.302 (b)(7) Written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles.

Finding Description: District submitted documentation for its written procedures for allowability of Subpart E cost principles. However, documentation did not address all applicable allowable cost subpart E cost principles considerations, including but not limited to, appropriate citation of pertinent Uniform Grant Guidance regulations and required supporting documentation for each IDEA grant budgetary expenditure to ensure compliance with §200.302 (b)(7).

Recommendation: District should revise written procedures to include sufficient reference, regulatory source citation with required supporting documentation details to ensure all Uniform Grant Guidance compliance requirements for each of the IDEA grant budgetary accounts are included to ensure compliance with 2 CFR §200.302 (b)(7). Written procedures such as required per 2 CFR Part 200 by 200.302 (b)(7) are not a reiteration of the federal requirements or the policies or goals. Rather, procedures are the steps that are necessary to be in compliance with the Federal requirement.

Plan of Action:

Federal regulation 2 CFR Part 200 by 200.302 (b) (7) provides the following statement:

(b) The financial management system of each non-Federal entity must provide for the following ...

(7) "Written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the Federal award."

The non-specific nature of this statement provides discretion on the scope and level of procedural detail required to be in compliance with the regulation. Absent any written guidance from the New York State Education Department, the District will endeavor to develop a more detailed procedural manual which outlines District protocols and procedures for compliance with the Federal requirements.

Audit Finding #4:

Internal Control - Standards for Financial and Program Management Expenditures for Equipment and High-Risk Items Physical Inventory

Finding Criteria: 2 CFR §200.302 (4) Financial Management and 2 CFR §200.313 Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.

Finding Description: District documentation for IDEA grant expenditures for equipment and high-risk items did not contain all required information required for compliance with §200.313.

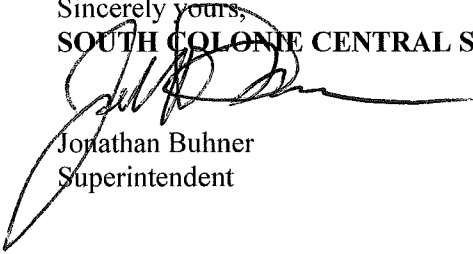
Recommendation: The District should review and update internal controls and written procedures for physical inventory for IDEA grant expenditures for equipment and high-risk items to ensure compliance with §200.302 (b)(7) and §200.313.

Plan of Action:

The District will review and update its internal controls and written procedures for physical inventory for IDEA grant expenditures for equipment and high-risk items for compliance with §200.302 (b)(7) and §200.313.

The District plans to have these corrective actions in place no later than November 30, 2019. Should you need any additional information, please do not hesitate to contact me.

Sincerely yours,
SOUTH COLONIE CENTRAL SCHOOLS


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Superintendent

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