

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

Chesterfield County School District (“CCSD” or “District”) considers the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) requirements while developing the internal controls for the District’s Federal and State programs. The COSO requirements are listed below.

Internal Control Component	Principles
Control environment	<ol style="list-style-type: none">1. Demonstrate commitment to integrity and ethical values2. Ensure that board exercises oversight responsibility3. Establish structures, reporting lines, authorities and responsibilities4. Demonstrate commitment to a competent workforce5. Hold people accountable
Risk assessment	<ol style="list-style-type: none">6. Specify appropriate objectives7. Identify and analyze risks8. Evaluate fraud risks9. Identify and analyze changes that could significantly affect internal controls
Control activities	<ol style="list-style-type: none">10. Select and develop control activities that mitigate risks11. Select and develop technology controls12. Deploy control activities through policies and procedures
Information and communication	<ol style="list-style-type: none">13. Use relevant, quality information to support the internal control function14. Communicate internal control information internally15. Communicate internal control information externally
Monitoring	<ol style="list-style-type: none">16. Perform ongoing or periodic evaluations of internal controls (or a combination of the two)17. Communicate internal control deficiencies

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

General Information:

Chesterfield County School District qualifies for various types of federal, state, and local grants and funding based on many factors to include performance and demographics. Other types of grants may be competitive in nature and awarded. All grants and special funding programs are to be administered in accordance with the terms of the specific grant's guidance provided and expenditures are to be in compliance with the provisions.

Administration:

The program Director or Executive Director or Coordinator ("grant administrator") oversees the preparation and submission of the annual budget to the South Carolina Department of Education ("SCDE") for funding or to other agencies, if required. The grant administrator also is responsible for the monitoring and oversight of the fund expenditures. The Finance Department (CFO and District Accountant) works with each grant administrator in preparing the budget, approves the budget for submission to the SCDE or other agency, if required, and also approves all special revenue purchase requests in the district's workflow system prior to a purchase order being approved and issued.

The grant administrator, along with the department bookkeeper or appointee, prepares a project proposal which incorporates the above funds and submits it to the SCDE. After the proposal is approved by the SCDE, the District can start being reimbursed for funds expended. The department bookkeeper or appointee, with oversight from the grant administrator, maintains the reimbursement requests, budget, and expenditure records. All expenditures and budget adjustments must be approved by the grant administrator. The Finance Department always monitors and assists as needed with all revenues and expenditures. Initial budget loads are entered by the department and approved by the Finance Department upon notification. Budget loads and modifications take place in the GAPS system unless otherwise notified by the SCDE. The grant administrator aligns staff as needed by location and works with the HR and Finance departments to determine salary levels. For all other expenditures, the grant administrator approves the purchase order which is then entered into the District's purchasing system. The Finance Department reviews all requisitions and POs for accuracy, proper funding codes, and purchasing compliance. District Procurement Code applies to all purchases and may require additional approval. Upon approval, the receiving document and vendor PO is released to the department to place the order. When the supplies or goods ordered are received, proof of receipt is submitted to the District's business office (Accounts Payable). AP then matches the invoice to the approved PO and proof of receipt and processes the invoice for payment. The grant administrator, department bookkeeper, and Finance Department all monitor the program expenditures for compliance to the budget and grant document. The department bookkeeper completes the reimbursement form for expenditures, in GAPS, unless instructed otherwise, and forwards it to the Financial Department for approval. After it is approved, the reimbursement request is forwarded to the SCDE via GAPS for processing and payment. Funds are received under the same procedures used for receiving by all grant funds in the District's finance department.

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

Activities Allowed or Unallowed

The grant administrator reviews all requisitions to ensure that the program operations comply with the grant application, budget, and the State Department of Education Guidelines and that all expenditures are for allowable activities. The grant administrator approves and reviews all invoices to ensure that they are only for allowable items. The Finance Department adds at least two levels of review to ensure that purchasing activities are allowable.

Allowable Costs

The District handles expenditures for Federal programs in the following manner. For salaries and related employee benefits, the District identifies all personnel who are assigned to each program, verifying that these personnel are actually working on activities allowed by the grant documents (teachers, aides, psychologists, administrative personnel, etc.). The salaries and related costs for these employees are appropriately coded by the payroll department. However, it is not a requirement that an employee working directly with any grant to be paid from the grant funding code. Time and effort is determined by job function and the grant for which their work pertains. Employees working directly for the program are verified throughout the year via a Semi-Annual Certification or a Personnel Activity Report (PAR) as required by federal guidelines. The Business Office, usually the District Accountant, will run a report showing all employees for which reporting should be completed. This information is sent to the Special Education Director for review and action. For expenditures other than salaries, the grant administrator reviews them to ensure they are eligible expenses. The District follows the following guidelines to make sure the employee's time at least meets or exceeds the pay distribution. If it does not, the Business Office will make the appropriate journal entries to adjust the salary charged to the grant.

All personnel being paid one hundred percent from a Federal program, or working one hundred percent for a Federal cost objective (may be paid from another source) are required to complete a Semi-Annual Certification. The Department Head will send forms and received back signed, dated forms two times per year. The first time will be in January for time worked July 1 through December 31. The second time will be in May or early June for time worked from January 1 through June 30. The exact month for the second collection may vary, depending on the prevailing fiscal year work calendar. These forms must be signed by both the employee and Federal program supervisor.

All personnel who are paid in part with Federal program funds or work in only part for a Federal program objective are required to complete a monthly Personnel Activity Report (Federal Timesheet) which will be a provided approved form from the Federal program in the District and the Business Office. The employee is to record the number of hours worked in total, while breaking out the hours spent on the Federal program cost objectives and other cost objectives. These forms must be signed by both the employee and Federal program supervisor.

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

Indirect Costs:

The District allocates indirect costs to all Federal programs per the “Indirect Cost Negotiation Agreement” with the State Department of Education.

Budget:

Annually, the budget for Federal funds is prepared by the grant administrator and department bookkeeper and becomes part of the Grant application. The Federal grant applications often take until late in the school year to be accepted by the State Department of Education and returned to the District.

Cash Management/Expenditures

At least quarterly, the grant administrator and staff prepare a reimbursement claim (expenditure report) to the SDE for expenditures processed during the specific time frames. Operations within any given department may not always allow for frequent claiming of expenditure reimbursement. This district will make every effort to submit expenditure claims as often as possible. After the claim is keyed into GAPS, it is reviewed by Finance Department before it is forwarded on to the SCDE via GAPS for reimbursement processing.

The funds are either automatically deposited into the District’s bank account by the Chesterfield County Treasurer or deposited directly into the SC Local Government Investment Pool c/o Chesterfield County School District.

At the end of the year, the Finance Department receives a Project Accounting Master List and a SCDE provided Payment to Counties Report. The reports are reconciled against the amounts recorded as revenue in the general ledger.

Eligibility

Screening and Acceptance Process

Federal (and some State) Program departments are expected to conduct its eligibility practices in accordance with Federal and State guidelines set forth in the grant guidance and in accordance with any SCDE provisions. This may include beginning of school year communications to families, disclosures at any time of the year, ongoing communications and updates, reporting on student/financial data, and maintaining records locally. This is not an exclusive list. Other requirements may apply.

Equipment and Real Property Management

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

The district handles purchases for Federal and State grant expenses in the same manner it handles all expenditures. Since the controls are the same regarding federal funds, state funds, and general purchases, refer to the district's Procurement Code and procedures for additional information. It should be noted that when possible, the district utilizes State Contract vendors to avoid having to bid out purchases. All purchases would require grant administrator approval.

Inventory is distributed to the person responsible for ordering or to persons for whom District places bulk orders. A list of tangible/nonexpendable equipment is kept at each Federal program office. Equipment that is stabilized is tagged and logged for the school in which it is kept. Mobile equipment (equipment used for ambulatory purposes) is monitored by the service staff responsible for its usage.

For items costing \$5,000 or more, individually, the equipment is assigned a District fixed asset tag and is part of the District's fixed asset listing; unless it is determined they should be treated differently. Each school or department is responsible for the usage and tracking of fixed assets. Any asset that is no longer usable must be reported to the District's Procurement Department which determines if the equipment has been purchased with federal, state, or local funds and then determines proper disposal methods.

Matching, Level of Effort, Earmarking

Matching

Depending on the grant award and requirements of matching, any matching funds will be documented and reported as necessary to the grantor. Documentation of matching may become part of the Financial Department file or the grant file kept by the grant administrator.

Level of Effort (Maintenance of Effort)

While preparing Federal grant applications each year, the Finance Department (usually the CFO) and the program grant administrator ensures the following: that the District expends an amount of state and local funds for the program that is at least equal to the amount of state and local funds actually expended in the most recent preceding fiscal year. If there are decreases, they are supported by the allowances described in the SDE audit guide. This is documented by the signatures on the grant application. It should be noted that some Federal programs do not require a local Maintenance of Effort calculation. In that case, the verification is calculated at the state level for all funds distributed throughout the state.

Period of Performance

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

The Grant Award Notifications (GANs) from the grantor define the period of performance. The district conforms to each individual grant's period of performance. Typically, each year a grant is awarded, the District has roughly two (2) years to spend all of the funds associated with that particular grant, extending from July 1 of the year in which the grant is awarded. The District carry over money each year from a previous grant, but spends those funds first before spending any new grant funds in order to comply with the performance requirement.

Procurement, Suspension and Debarment

The District abides by the District's Procurement Code and procedures, as well as other applicable district policies. All District purchases including expenditures for federal, state, and local awards follow the same purchasing policies and procedures. Federal and State awards may have guidelines that are followed in addition to District policies. All purchase requisitions are approved by the grant administrator, the Finance Department, and procurement officer. The procurement officer checks for items such as dollar thresholds, bids, quotes, solicitations, emergency and sole source procurements, purchase order changes, and other justifications. All review levels are met before any order for products or services takes place. These reviews mitigate the risk of violations. In the event that a violation is detected, the Procurement Department will address the responsible party in writing and request corrective action(s) to prevent reoccurrence. Violations could result in the loss of purchasing privileges.

During any solicitation or bid process, the RFP will specifically demand attestation to the fact that no suspension or debarment has been imposed upon the vendor. The demand will also be made that any suspension or debarment be disclosed within the proposal. In that case, no contract will be entered into by the District with said vendor. References and peers of the vendor will be checked in all situations. Please reference the District Procurement Code and Manual for additional information.

Contracted/Purchased Services

In the case of contracted services (i.e. consultants for disabilities) the District will handle the selection and rejection process in line with the Procurement Code and Manual adopted. If procurement of these service is not a solicitation/bid process, the agreed upon contract must attest to that fact that the vendor is in good standing, with no suspension or debarments. References and peers of the vendor will be checked before selection is made. When possible, the District will partner with state agencies for contracted services, thus alleviating the concern for suspensions and debarments. However, consideration will still be made upon review of the contract to make sure the services properly serve the needs of children within the school district.

During the selection process, the District will take into consideration the following criteria to ensure the best service: availability of vendor reps to provide services, experience, quality of work, professional reputation with reference feedback, and timeliness. The determination of contract

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

issuance lies with the program Department Head and staff as appointed to review candidates. The review and awarding will be assisted by the Procurement Director, CFO, and Superintendent as required or needed. If the Procurement Code & Manual stipulate, the Superintendent may be consulted for additional review and contract approval. The contract should state who will provide services, what services will be provided, when the services will be provided, and where the services will be provided.

Reporting

The District prepares and submits, on at least a quarterly basis, the SDE-approved Expenditure Report or a report via GAPS, for all expenditures by function and object that occurred during the quarter. This report is prepared by the department using the general ledger information generated from the District's accounting software. Any required forms or SCDE system submissions are approved by the Chief Financial Officer before going to the SCDE Finance Department for processing. In the event that operations dictate that expenditure reporting cannot be done on a quarterly basis, it is completed as quickly as possible before fund close out takes place at, or slightly beyond, the end of the fiscal year. This report also serves as a claim for reimbursement of expenditures for reimbursable grants.

Programmatic reporting is also submitted as required by each granting authority. Programmatic reporting guidelines vary with all grants. It is the responsibility of the grant administrator and assigned staff members to know and meet reporting deadlines. In the instances that the reporting includes financial transaction data, it is also the responsibility to the assigned staff members of the business office, with oversight from the CFO and District Accountant, to know and meet guidelines. In the event a reporting deadline cannot be met under justifiable business circumstances, the proper requests should be made for extension.

Subrecipient Monitoring

When applicable, subrecipient monitoring is handled at a few levels. The District establishes a sub award agreement with any subrecipient of a grant. This agreement specifically states conditions necessary before payment is rendered to the subrecipient for services. The District implements the normal levels of review, as well as review by another party who is usually a partner of the District under the grant award. Periodic meetings or calls are held throughout the life of the grant to discuss and monitor activities of the subrecipient to make sure they comply with grant guidance and sub award agreements. Some grant awards may require the District, as awardee, to complete reports to disclose the amount of monies paid to subrecipients and report the type of work completed. The District completes these reports in a timely manner for disclosure and claiming of funds spent.

Special Tests and Provisions

CHESTERFIELD COUNTY SCHOOL DISTRICT

FEDERAL/STATE GRANT PROGRAMS

INTERNAL CONTROLS MEMO

Special tests and provisions are handled on a grant by grant basis.

Travel Policy

The District has a board policy regarding travel, Policies BIA/BIB, BID, and DKC that address travel for employees. The District also provides procedures for travel reimbursement and a travel reimbursement form. The board policy, administrative rule to the policy, the reimbursement procedures as well as the reimbursement form can also be found on the District's website. The District also limits per diem reimbursements made with federal or state grant funds to meet the Assurances and Terms and Conditions for grant awards that must be signed with each grant awarded by the SCDE.

Conflicts of Interest

The District addresses conflicts of interest for school board members in Policies BCA, BCB and conflicts of interests for staff in Policy GAG, GBEA, GBI and GCRD.

Document Links

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame

http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=3656340765&depth=2&infobase=chesterfield.nfo&softpage=PL_frame