

# Internal Controls

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Looking to the Future*

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# Presenters

Carly Covic Ambler  
Federal Programs Senior Manager  
CONSOLIDATION OF FUNDS & EQUITABLE SERVICES  
Georgia Department of Education  
Office: (404) 623-9599  
[cambler@doe.k12.ga.us](mailto:cambler@doe.k12.ga.us)

Scott Dorsey  
Educational Program Specialist  
Special Education Services and Supports  
Georgia Department of Education  
Office: (404)656-2847  
[sdorsey@doe.k12.ga.us](mailto:sdorsey@doe.k12.ga.us)

David Tucker  
Educational Program Specialist  
ESOL & Title III, Part A Language Programs  
Georgia Department of Education  
Phone: 404-991-4408 (cell)  
[David.Tucker@doe.k12.ga.us](mailto:David.Tucker@doe.k12.ga.us)

JaBra Harden Fuller  
Educational Program Specialist  
Title I, Part A  
Georgia Department of Education  
Office: 678-340-9493  
[jharden@doe.k12.ga.us](mailto:jharden@doe.k12.ga.us)

Patty Rooks  
Program Manager-SIG 1003(g)  
Division of School and District  
Effectiveness  
Georgia Department of Education  
Office: 404-656-2572  
[prooks@doe.k12.ga.us](mailto:prooks@doe.k12.ga.us)

# Georgia's Systems of Continuous Improvement



# Agenda

- Grant Scenario
- Statutes, Regulations, and Guidance
- Policies vs. Procedures
- Overarching Federal Program Requirements (Internal Controls)
- Individual Federal Program Requirements



# Grant Scenario

# Grant Scenario

This is your first day as the project director of a federal grant. Included in this grant is the opportunity to provide professional learning for new technology. Your LEA has received this grant for four consecutive years to be used at all schools within the district.

Using this information and your knowledge of federal grants, please answer the following questions about this grant.

# Grant Scenario

1. Should funds be spent on actual equipment or for training only?
  - A. Equipment
  - B. Capital Expenditures
  - C. Training
  - D. Supplies

# Grant Scenario

2. Since the LEA is the grant recipient, should the training come from staff members or can it be contracted out?
  - A. Superintendent only
  - B. Staff
  - C. Both
  - D. Contracted

# Grant Scenario

3. What documentation is needed to show the benefits of the grant for the intended schools?
  - A. Comprehensive Needs Assessment
  - B. Time & Effort
  - C. Budget
  - D. CLIP

# Grant Scenario

4. Is inventory record keeping required?

A. No

B. Yes

C. Waiver

D. Consolidated Funds

# Grant Scenario

5. How many years documentation should you have on file for this grant for an auditor?
- A. 3 years
  - B. 5 years
  - C. 7 years
  - D. 1 year

# Grant Scenario

6. Would travel reimbursement be an allowable expenditure for the director or staff delivering training?
- A. Both
  - B. No
  - C. Staff only
  - D. Director only

# Grant Scenario

7. How much of the grant can be carried over each fiscal year?
- A. 15%
  - B. 0%
  - C. 25% or more requires monitoring
  - D. 100%

# Grant Scenario

9. How long is the grant in effect?

A. 27 months

B. 3 years

C. 15 months

D. 12 months

# Grant Scenario

10. May other local community stakeholders attend the training as an unintentional benefit if it does not impede the learning of the staff members?
- A. No
  - B. Not sure
  - C. Participant support cost
  - D. Yes

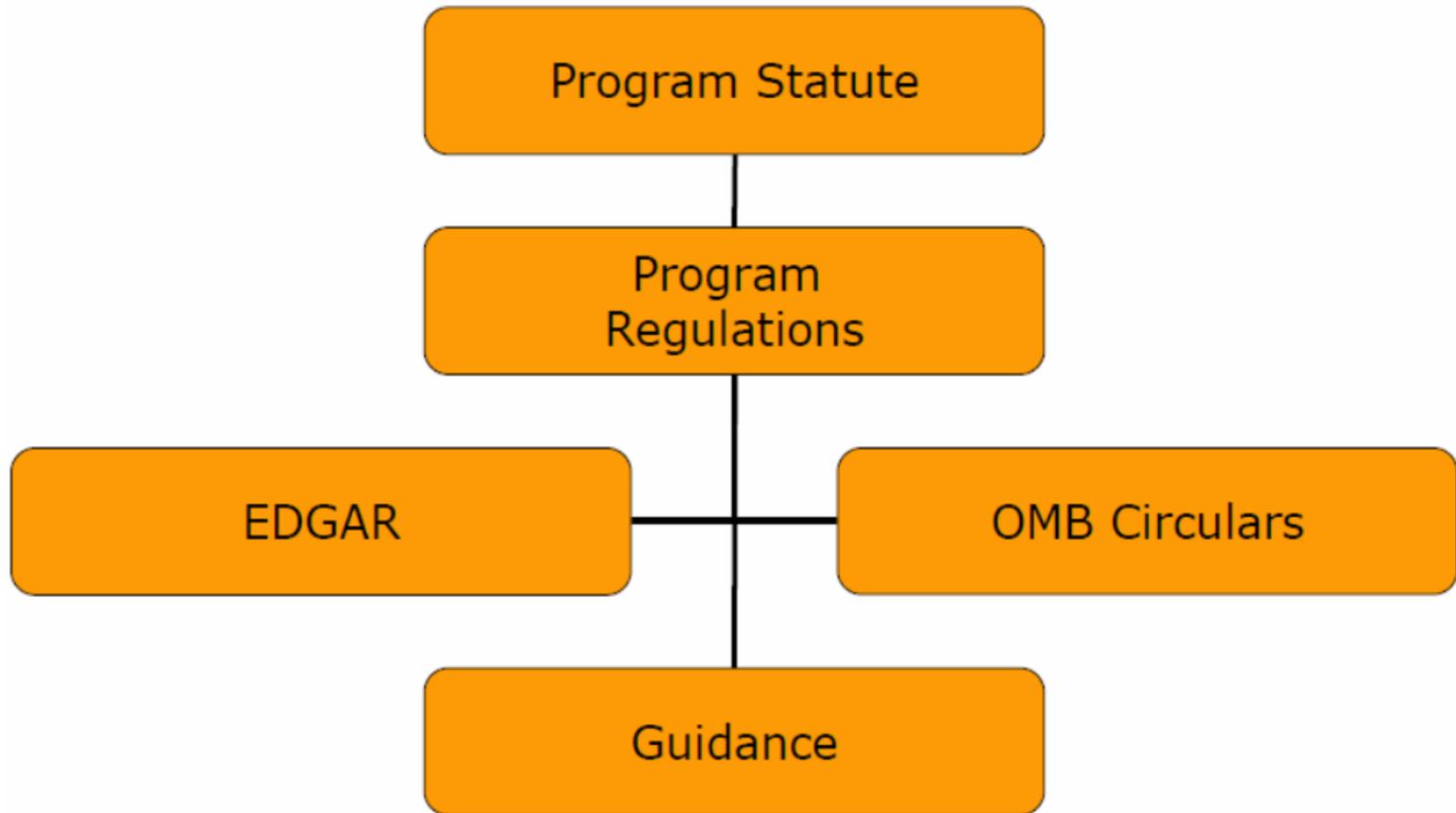
# Statutes, Regulations, and Guidance



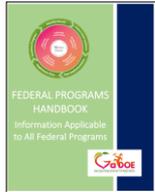
# Legal Structure

- Statutes
- Program statutes (ESEA, IDEA, Perkins)
- General Education Provisions Act (GEPA)
- Regulations
- Program regulations
- Education Department General Administrative Regulations (EDGAR)
- OMB Circulars
- Guidance

# Legal Structure (cont.)



# Fiscal Regulations and Guidance



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## Regulations:

- [EDGAR: Education Department Guidance and Regulations](#)
  - [34 CFR Part 76 State-Administered Programs](#)
  - [34 CFR Part 77 Definitions that Apply to Department Regulations](#)
  - [34 CFR Part 81 The General Education Provisions Act](#)
  - [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#)
  - [2 CFR Part 3474 U.S. Department of Education Acceptance of Uniform Administrative Requirements](#)

## Guidance:

- [USGAO Standards for Internal Control in the Federal Government \(2014\)](#)
- [OMB: FAQs on Uniform Administrative Requirements \(09.2015\)](#)
- [U.S. Department of Education: FAQs on Uniform Administrative Requirements](#)
- [U.S. Department of Education: Dear Colleague Policy Letters](#)

# Policies vs. Procedures

# Policies vs. Procedures

## Policies

- Have a widespread application
- Are non-negotiable, change infrequently
- Are expressed in broad terms
- Are statements of what and/or why
- Answer major operational issues

## Procedures

- Have a narrower focus
- Are subject to change and continuous improvement
- Are a more detailed description of activities
- Are statements of how, when, who, & what
- Detail a process

# Policies vs. Procedures

## Sample Policy

### Widespread Application

Policy: DIC      Status: Adopted      Date 06/03/2018

#### CAPITALIZATION FOR FIXED ASSETS

A record and inventory shall be maintained on all tangible and intangible fixed assets which has a normal expected life of one year or more. All such property shall be identified and marked in a prescribed manner through the use of sequentially-numbered bar code decals. Such decals will identify the fixed asset as being property of the XXXXX School District.

Each School Principal/Building Manager shall have the responsibility for the maintenance and control of all tangible personal property located in the school/building. Tangible personal property is defined within the asset class of Machinery and Equipment, and further defined to include kitchen equipment, computers(laptops, desktops ,lpads, cameras, projectors, smartboards, video cameras, outdoor equipment, miscellaneous equipment, trucks, vans, tractors, forklifts, etc. A listing of all shall be inventoried and tagged.

## Sample Procedure

### Narrow Focus – Detailed

Procedures for Maintaining an Inventory of Equipment All equipment purchased in object codes 615 and 616 must be included in an inventory. Each school with equipment purchased with federal funds is responsible for maintaining an inventory of equipment using the Physical Equipment Inventory Spreadsheet (See Appendix).

When PO's are approved, orders are placed the Federal Programs bookkeeper sends copies of the PO's to the school bookkeepers to cross check deliveries when they arrive. Technology equipment (small items: Chromebooks, laptops) is delivered to the Central office for the Technology Department to inventory and set up prior to delivery to schools.

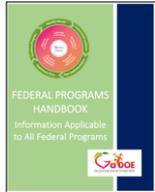
Processing newly purchased items:

- Inventory of items will be entered by the Federal Programs Director or Technology Director
- Items will be labeled by the Federal Programs Director or Technology Director
- Items will be prepared for use (imaged, tested for issues, etc.) by the Technology Department
- Computer technician's setup the equipment in the designated buildings and rooms as indicated on the inventory

Inventory spreadsheet contains the following required components {EDGAR 200.13(d)(1)(2)(3)(4), (e) (1)(2)} :Description of the property, Serial number or other identification number, Funding Source ,Vendor equipment was purchased from, Acquisition Date, Cost of equipment, Location of equipment, Use of equipment, Condition of equipment, Disposition of the equipment including the date of disposal & sale price, Federal Award Identification Number(FAIN) **(REQUIRED AFTER JULY 1, 2016)**

# Overarching Federal Programs Requirements: All Federal Programs

# Internal Controls



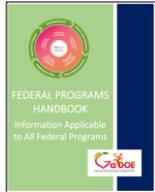
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- Internal controls can be defined as a process, implemented by an LEA, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency in operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations (2 CFR §200.61).

# Internal Controls

- **§200.61 Internal controls.**
- *Internal controls* means a **process**, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (a) **Effectiveness** and **efficiency** of operations;
  - (b) **Reliability of reporting** for internal and external use; and
  - (c) **Compliance** with applicable laws and regulations.

# Written Procedures



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- Required:
  - Cash Management
  - Allowability
  - Equipment Management
  - Conflict of Interest
  - Procurement
  - Conducting Technical Review of Proposals
  - Compensation – Personal Services
  - Travel
  - Segregation of Duties
- Some internal controls are captured in LEA board policies and some are informal and maintained in the LEA federal programs division’s written procedures ... which includes all federal programs.
- Written processes and procedures governing the LEA implementation of federal grants should be reviewed routinely and revised as needed.

Additional details available in [CFR 200](#)

# Overarching - Required Written Procedures

- **LEA MONITORING OF PROGRAMS**  
Procedures for Monitoring each Federal Program - ESEA: Sec. 9304; §200.328; §200.330; 34 CFR Sec. 300
- **CONSOLIDATED LEA IMPROVEMENT PLAN (CLIP)**  
Procedures for creating, reviewing, and approving the CLIP, which shall include resolution procedures for unapproved CLIP – ESEA: Sec. 1112
- **SCHOOLWIDE/TARGETED ASSISTANCE PLAN(S) (SWP/TAP)**  
Procedures for creating, reviewing, and approving the Schoolwide Program/Targeted Assistance Program Plans which also includes resolution procedures for unapproved Schoolwide Program and Targeted Assistance Program Plans – ESEA: Sec. 1114; Sec. 1115

# Overarching - Required Written Procedures

- **SERVICES TO ELIGIBLE PRIVATE SCHOOL CHILDREN**

Procedures that the LEA uses to determine that the required private school consultation occurred for IDEA: 34 CFR 300.130- 144; 612

- **MAINTENANCE OF EFFORT (MOE)**

(EXCEPT TITLE I, PART C; TITLE IV, PART A; 1003(g); AND 1003(a))

Procedures for determining Maintenance of Effort (MOE) - ESEA: Sec.1120A; Sec. 1114, Sec.1118; 34 CFR 300.203, 34 CFR 300.204, 34 CFR 300.205

- **COMPARABILITY** (EXCEPT TITLE I, PART C; TITLE IV, PART A; 1003(g); AND 1003(a))

Procedures for meeting comparability requirement - ESEA: Sec.1118

- **Equipment Inventory**

Evidence that all LEA inventory internal controls required to be in writing by 2 CFR Part 200 are present and meet requirement for internal controls:

- Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
  - Maintenance procedures to keep the property in good condition.
- 2 C.F.R. Sec. 200.62(c); 2 C.F.R. Sec. 200.313(d)

# Individual Federal Program Requirements

# Individual Federal Programs

## Title I

- **Set-Asides**

Procedures for correctly calculating set aside funds – ESEA: Sec. 1113; 34 CFR Sec. 200.70; Sec. 200.71

- **Allocating Funds to Attendance Areas**

Procedures for the process used for allocating funds to eligible attendance areas – ESEA: Sec. 1113

- **RANK ORDERING WITHIN SCHOOLS**

Procedures for identifying eligible students for Targeted Assistance schools or Targeted Assistance-like programs within a Schoolwide program where participation is offered to a select group of eligible Title I students (district-wide activities) including participating private schools – ESEA: Sec. 1115

# Individual Federal Programs

## Title I, Part A

- **PROFESSIONAL QUALIFICATIONS**

Procedures for notifying parents of their right to know the professional qualifications of their child's teachers – ESEA: Sec. 1112

Procedures for notifying parents when their child is taught by a teacher for four or more weeks who does not meet the professional qualifications of the district – ESEA: Sec. 1111

- **NOTICE TO PARENTS**

Procedures describing how the LEA will monitor the distribution of parent notifications to participating EL students – ESEA: Sec. 1112

## Title I Parent and Family Engagement

- Procedures for delivering ongoing technical assistance to schools in planning and implementing effective parent and family engagement practices – ESEA: Sec. 1112

# Individual Federal Programs

## Homeless

- Procedures for Education for Homeless Children and Youth indicating annual revision and/or review date (month, date, and year) – ESEA: Sec. 1112; MV Sec. 722

## Title III, Part A

- **(EL) ENTRANCE AND EXIT PROCEDURES**

Policy, procedures, and processes related to following standardized statewide entrance and exit procedures for identifying English Learners and Immigrant children and youth – ESEA: Sec. 3113(b)(2)

## Title V-B:

- **ANNUAL EVALUATION REPORT**

Procedures the LEA follows to create and submit the Annual Evaluation Report – ESEA: Sec. 5224-5225

# Individual Federal Programs

## School Improvement

- **TECHNICAL ASSISTANCE TO SCHOOLS**

Procedures detailing reviewing SIPs, providing technical assistance and support, and providing professional learning ESEA: Sec. 1116

- **DATA DECISIONS**

Description of LEA budgeting procedures and use of 1003 (a) funding – ESEA: Sec.1116

- **MONITORING PROCESS**

Procedures outlining monitoring and reviewing SIPs and support to schools – ESEA: Sec. 1116

# Individual Federal Programs

## Internal Controls and Consolidation of Funds

- LEAs participating in the GA Consolidation of Funds Initiative are required to maintain internal controls, but the contents of those controls may vary depending on the circumstance. LEAs should conduct a review of their existing controls and practices to ensure they are in compliance and update if desired or required.
  - Any federal funds not consolidated must follow federal requirements
  - Any consolidated funds are subject to state and local requirements

# Individual Federal Programs

## Internal Controls and Consolidation of Funds

CONTROL	Federal Requirement for Inventory	Georgia Requirement for Inventory
Applicability	LEA Level Set-Asides Funds Not Consolidated	Consolidated Funds
Written Allowability Procedures	2 CFR Sec. 200.302(b)(7)	Not Applicable
Segregation of Duties	GAO-14-704G	SBOE Rule 160-5-2-.23 & Generally Accepted Accounting Principles (GAAP)
Written Procurement Procedure	2 CFR Sec. 200.319(c)	SBOE Rule 160-5-2-.23 (Suspension and Debarment) Georgia Procurement Manual Authorized Under OCGA 50-5
Written Method for Conducting Technical Evaluations of Competitive Proposals and Selecting Recipients	2 CFR Sec. 200.320(d)(3)	Georgia Procurement Manual Authorized Under OCGA 50-5

# Individual Federal Programs

## Internal Controls and Consolidation of Funds

CONTROL	Federal Requirement for Inventory	Georgia Requirement for Inventory
Written Conflict of Interest Policy	2 CFR Sec. 200.318(c)(1)	OCGA 45-10; Georgia Procurement Manual Authorized Under OCGA 50-5
Written Personal Compensation Policies (Time and Effort)	2 CFR Sec. 200.430	<ul style="list-style-type: none"> <li>• 100% Consolidated = N/A</li> <li>• Split Cons./Local = N/A</li> <li>• Split Cons./Federal= T&amp;E</li> </ul>
Written Stipend Policy	2 CFR Sec. 200.474(b)	SBOE Rule 160-3-3.04 Written Stipend Policy
Suspension and Debarment	34 CFR 85.110	SBOE Rule 160-5-2-.23
Written Travel Policy	2 CFR Sec. 200.474(b)	SBOE Rule <a href="#">160-5-2-.23</a> SAO Georgia Statewide Travel Policy
Written Inventory Procedures	2 C.F.R. Sec. 200.62(c); 2 C.F.R. Sec. 200.313(d)	SBOE Rule <a href="#">160-5-2-.23</a> Financial Management for Georgia Local Units of Administration



# Questions?

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