



TOP FIVE ERRORS IN POLICIES AND PROCEDURES

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AGENDA

- Top 5 errors in policies and procedures
 - Examples, examples, and more examples!
- Steps to avoid making errors
 - Recommendations galore!



5. INCOMPLETE/MISSING ITEMS



ED OIG REPORT: STATE OVERSIGHT OF LEA SINGLE AUDIT RESOLUTION

- March 2017
- Final Management Information Report- reviewed three states
- Results: all states had single audit P&P with significant weaknesses
- “Each SEA’s policies and procedures for oversight of the LEA audit resolution process should be current, complete, and contain sufficient detail so that an SEA employee with only limited training could carry out the activities”

4. TOO MANY REQUIREMENTS



ED OIG: NATIONWIDE AUDIT OF OVERSIGHT OF CLOSED CHARTER SCHOOLS

- September 2018
- Audit of ED's oversight of SEA's charter school closure processes
- Finding: ED did not always provide adequate guidance to SEAs regarding their charter school closeout policies and procedures
- Recommendation: ED should ensure SEAs have more detailed procedures for charter school closeouts, to ensure federal funds and property are appropriately returned/disposed of
- ED Response: disagreed and said recommendations would be "inconsistent with the Federal role in education"

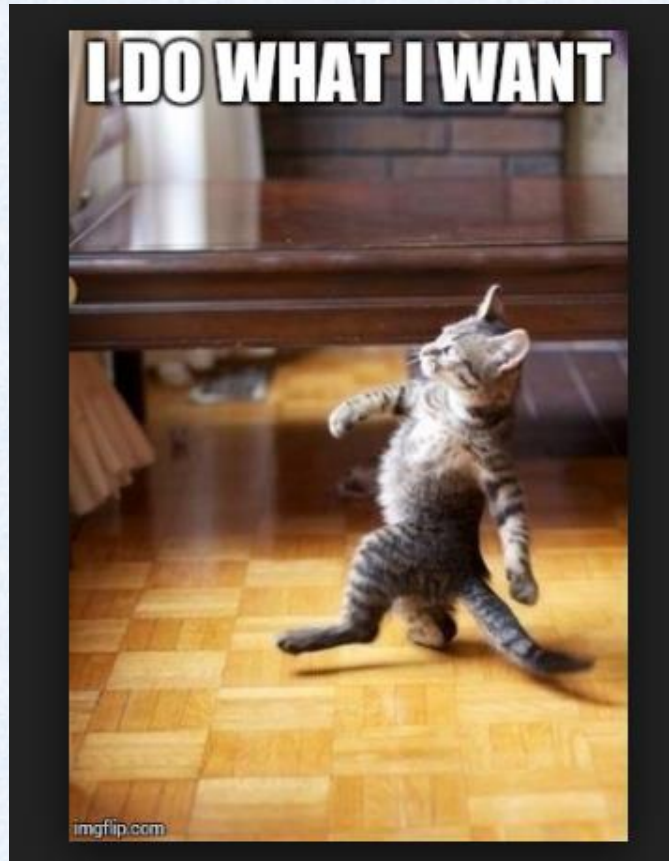
3. NOT UPDATED/NOT ALIGNED WITH CORRECT RULES



JUNE 2018 OMB MEMO

- Aligns with changes in National Defense Authorization Act (NDAA)
- Raises micro-purchase threshold from \$3,500 to \$10,000
- Raised simplified acquisition threshold from \$150,000 to \$250,000
- ****Still waiting for official changes to the Federal Acquisitions Regulations (FAR)**
 - Sets the thresholds for the UGG
 - OMB granting exceptions to recipients

2. NOT FOLLOWED BY STAFF



FRAUD



- **Southwest Learner Centers Charter Schools**
 - Founder pled guilty to running 15-year scheme to defraud schools for his personal benefit
 - Purchased buildings under the name of one company and then charged schools very high rates for rental space
 - Diverted payments to bank accounts he controlled
- **Puerto Rico Department of Sports and Recreation**
 - Former secretary of PR Dept. of Sports and Recreation and others engaged in kickback, fraud and money laundering involved over \$9.8 million in fraudulently awarded contracts

1. THINKING POLICIES AND PROCEDURES ARE NOT IMPORTANT



WHY ARE POLICIES AND PROCEDURES SO IMPORTANT???

- Single Audits
- Monitoring
- Staff Changes and Transitions
- New EDGAR requirements
 - Uniform Grant Guidance



SINGLE AUDITS AND MONITORING

- Auditors and monitors ask about policies and procedures!
- Compliance supplement, Part 6: Internal Controls
 - “Control activities are the policies and procedures that help ensure the management’s directives are carried out.”
 - Clearly written
 - Clearly communicated

STAFF CHANGES AND TRANSITIONS

- Training tool
- Maintain consistency



UNIFORM GRANT GUIDANCE

■ **Written policies and procedures are required!**

- Written Cash Management Procedure - 200.302(b)(6) & 200.305
- Written Allowability Procedures - 200.302(b)(7)
- Written Conflicts of Interest Policy - 200.318(c)
- Written Procurement Procedures - 200.319(c)
- Written Method for Conducting Technical Evaluations of Proposals and Selecting Recipients - 200.320(d)(3)
- Written Travel Policy - 200.474(b)
- *Procedures for managing equipment - § 200.313(d)
- **Time and Effort (ED's draft Cost Allocation Guide)

STEPS TO TAKE TO AVOID MAKING POLICIES AND PROCEDURES ERRORS



ASSESSMENT

- **Assess status of your policies and procedures**
 - Do you have no policies and procedures?
 - Do you even know where your policies and procedures are located?
 - Do some need updating? Are there holes in some?
 - Did you start updating existing policies and procedures, but then something came up...

LOGISTICS

- **What is the process?**

- Review existing policies and procedures
- Develop questions
- Schedule interviews with relevant staff
- Gather information on actual practices
- Draft policies and procedures
- Review internally with appropriate staff
- Revise
- Formally adopt and implement
- Train staff



WHERE TO START???

- Determine goal
 - Internal for your own organization?
 - For subgrantees?
 - Grant specific or cross cutting?
- Create a team – include both fiscal and programmatic personnel
- Create a table of contents
- Assign subjects
- Create timeline for completion



WHERE TO START???

- Existing documentation
 - Memos
 - Emails
 - Forms
 - Job descriptions
 - Policies and procedures from different offices
- Directly from the source – Talk to staff member(s) performing the tasks related to the policies and procedures you are creating

SUGGESTED SECTIONS

- Organization, Structure, and Function
- Grant Application Process
- Financial Management System
- Procurement
- Inventory/Property Management
- Time and Effort
- Record Keeping/Record Retention
- Monitoring
- Audit Resolution
- Programmatic Fiscal Requirements
- Programmatic Requirements
- Travel
- Notice of Nondiscrimination and Grievance Procedures



CHECKLIST- CASH MANAGEMENT



- ✓ Include information on:
 - ✓ Your accounting system(s)
 - ✓ How budgets are loaded onto the system
 - ✓ Process for comparing budgets to expenditures
 - ✓ Process and authorizations for budget revisions
 - ✓ Period of performance and when obligations are made
 - ✓ Process for carryover
- ✓ Incorporate state/agency requirements

CHECKLIST- ALLOWABILITY



- ✓ Outline approval levels
- ✓ Add language re: questions to ask when determining allowability
- ✓ Include relevant State/local rules
- ✓ Include FAQ section on frequent types of costs
- ✓ Travel policy

CHECKLIST- TIME AND EFFORT

- ✓ Outline process for single and multiple cost objective employees
- ✓ Link to forms
- ✓ Detail reconciliation process
- ✓ Internal controls to verify forms



CHECKLIST- PROCUREMENT



- ✓ Separation of duties
- ✓ Specify number of required bids/quotes
- ✓ List required/accepted documentation and forms
- ✓ Contract thresholds and process for entering into contracts within each threshold amount
 - ✓ State/agency requirements are often more restrictive than federal rules
- ✓ Describe process to ensure that the terms of the contract are met

CHECKLIST- CONFLICTS OF INTEREST



- ✓ Definitions and examples of nominal items
- ✓ Include recusal process and reporting process
 - ✓ Include alternate office to report to
- ✓ Require employees to sign a form acknowledging COI requirements
- ✓ Train employees on conflict of interest policy
- ✓ Internal monitoring to ensure COI policy is being followed

CHECKLIST- INVENTORY/ PROPERTY MANAGEMENT



- ✓ Define property classification and internal controls for each classification
- ✓ Review inventory records to ensure all required categories are maintained
- ✓ Policy regarding lost, stolen, or damaged items
- ✓ Clear disposition procedures

CHECKLIST- RECORD RETENTION

- ✓ Describe method for:
 - ✓ Collection of records
 - ✓ Storage of records
 - ✓ Disposition of records



CHECKLIST- MONITORING

- ✓ Process for when entity is monitored
 - ✓ Notification, preparation, responding, follow-up
- ✓ Process for monitoring subrecipients
 - ✓ How determine who gets monitored?
 - ✓ Site visits, desk reviews, self-assessments
- ✓ Office/position(s) responsible



CHECKLIST- AUDIT RESOLUTION

- ✓ Office/position(s) responsible
- ✓ Outline audit process
- ✓ How to resolve findings
- ✓ Process for reviewing subrecipient's single audits?



CHECKLIST- PROGRAMMATIC FISCAL REQUIREMENTS

- ✓ Supplement not supplant
- ✓ Maintenance of effort
- ✓ Matching and cost sharing
- ✓ Hold harmless
- ✓ Documentation required to be maintained



CHECKLIST- PROGRAMMATIC REQUIREMENTS



- ✓ **Programmatic Compliance**
 - ✓ **Application Process**
 - ✓ **Allocations to subrecipients**
 - ✓ **Allowable costs under the grant program**

QUESTIONS???



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