



Federal and State Monitoring Division

Preparing For The Audit and Monitoring
Visit



Topics of Interest

- Overview of the Audit and Monitoring Process
- Audit and Monitoring Objectives
- Common Programmatic Findings
- Common Fiscal Findings
- Reminders



Audit and Monitoring Events

- Audits are performed on claims filed with the State of Illinois
- Monitoring Events are performed on Grants issued by the US Department of Education and the State of Illinois



FSM Process

- Risk Assessment prepared to identify LEA's to be visited in current cycle
- Assign Selected LEA's to Field Staff
- Announcement Letters Sent to LEA's selected
- Field Staff completes field work
- Peer Review is conducted by a senior staff member
- Final report is sent to LEA's Superintendent and Board President
- Response received from LEA and cleared through our resolution staff for federal programs, which completes the monitoring event



Tips for Audit and Monitoring Events

- Have supporting documentation for all programs to be reviewed available when field work begins, if you have questions please contact the auditor.
- Make sure that the staff responsible for the programs being reviewed are available during field work, in order to minimize follow up questions



Objectives of Federal and State Grants – Fiscal Issues

- To test on a sample basis that the funds are being used in accordance with the grant requirements
 - Were expenditures allowable
 - Were expenditures included in the budget
 - Were funds expended within the grant period
 - Is there proper supporting documentation
 - Were expenditures properly accounted for and recorded in the correct accounts



Objectives of Federal and State Grants – Programmatic Issues

- To test on a sample basis that the LEA is complying with the program requirements of the grant.
 - Implementing the program that was approved in the application
 - Serving the students outlined in the application
 - Providing the required notifications to parents
 - Maintaining the required program supporting documentation



Common Programmatic Findings

- Parent Involvement
- Comparability of Services Requirements
- Private School Participation
- Supporting Documentation for Programs
- LEA's not serving schools as noted in Targeting Step 4 of the application



Common Fiscal Findings

- Salaries paid from the grant were not approved or were inaccurate
- Expenditures paid were unallowable or did not support the program intent
- LEA did not maintain separate accounts in accordance with IPAM for each grant
- Expenditure Reports were not submitted in a timely manner
- LEA did not maintain a inventory system that contained the required components
- Expenditures were not within the grant period
- Expenditures were not expended through out the grant period



Reminders

- Program Directors and Business Managers work together to review the expenditure reports prior to submission to ISBE – self-audit
- Make sure that the Superintendent submits amendments in a timely manner
- Make sure policy and procedures are up to date
- LEA's must be able to show the results of the grant activity – are the objectives of the grant being met.



Policies, Procedures, and Internal Controls

- The Uniform Guidance requires greater emphasis on internal controls and written policies
- Internal controls are an accountability measure (2 CFR 200.303)
 - Tool kit – <http://www2.ed.gov/policy/fund/guid/uniform-guidance/internal-controls.html>
- Policies and procedures must be specific to your district
- Policy must state what you are going to do
- Procedure should state:
 - What steps are required to be completed; who will perform the steps; when the process will be completed; who is responsible for review; etc.



Basic Guidelines for Allowable Expenditures

- Does the cost meet the requirements of the law?
- Is the cost necessary, reasonable, allocable, and documented?
- Is the cost consistently applied?
- Is the cost adequately documented?
 - Examples: segregated accounts, invoices, cancelled checks, inventory records and other valid supporting documentation
 - “Segregated accounts” mean Revenue and Expenditure accounts specific to each funding source (Title I, Title II, etc.) and different expenditure accounts for each function-object budgeted/claimed (1000-100, 2210-300, etc.)



Inventory Requirements

- Procedures must be in place to ensure the control of equipment and materials both in the LEA and those in private schools
- Equipment purchases must be approved in the grant budget
- Inventory records must include the following components
 - Description
 - Serial number or other identification number
 - Funding source for purchased property
 - Who holds title
 - Acquisition date
 - Cost
 - Location, use and condition
 - Disposition date, if applicable
- All equipment purchases must be physically located in the grant usage area and must support the intent of the program



Personnel Services Requirements

- Uniform Guidance increases emphasis on internal controls of sub-recipient for personnel cost
- Provides less prescriptive guidance on documentation
- Per CFR 200.430(i) – *Standards for Documentation of Personnel Expenses (1)* Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed
 - Please review this section. Critical information may be found which will help you ensure you accurately track and claim personnel expenses.
 - This section will help you avoid costly mistakes which will result in questioned costs and audit adjustments.



References and Helpful Links

- United States Department of Education:
<http://ed.gov>
- The Uniform Guidance (2 CFR 200): <http://www.ecfr.gov/>
- The Uniform Guidance Technical Assistance:
<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>
- Illinois Program Accounting Manual (IPAM):
<http://www.isbe.net/sfms/html/ipam.htm>
- State and Federal Grant Administration Policy and Fiscal Requirements and Procedures:
http://www.isbe.net/funding/pdf/fiscal_procedure_handbk.pdf
- <http://www.isbe.net/e-bulletins/default.htm>
- <http://isbe.net/grants/default.htm>
- <http://isbe.net/ea/htm/checklist.htm>



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Questions and Answers

