

Monitoring Resolution Report – Hydaburg City School District

Financial Management

Requirement Summary:

An LEA receiving RLIS-SQA funds must use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for awarded RLIS funds. In general, an LEA must expend and account for Federal funds in accordance with Federal laws and regulations for expending and accounting for Federal funds. In addition, an LEA's accounting system must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. An LEA must also have written procedures for determining cost allowability and must maintain effective control over all funds.

EDGAR: [34 CFR § 75.702](#)

Uniform Guidance: [2 C.F.R. § 200.302](#)

Issue:

Hydaburg tracks and codes its expenditures in an online accounting system. The Alaska SEA provides Hydaburg with a chart of accounts that the LEA uses to code goods and services (i.e., travel, personnel, supplies, equipment, etc.). Hydaburg also uses fund accounting to ensure that each grant has a different fund code, and that grant-specific spending can be tracked.

Throughout the monitoring process, Hydaburg provided different responses for how the FY 2020 RLIS-SQA grant was used, and the reviewers found evidence that an expenditure originally intended to be purchased with RLIS-SQA funds was coded incorrectly and paid through a different grant. Even though this expenditure was allowable through the other grant, this demonstrated a weakness in the LEA's internal fiscal controls. Additionally, while Hydaburg provided an accounting and financial management standard operating procedure (SOP) as documentation alongside a condensed version that includes a flow chart, the SOP was missing key portions that were included in the table of contents.

Action Required:

Within 60 business days of receiving this report, Hydaburg must provide the Department with a plan for how it will update the LEA's financial management policies and procedures, including how the LEA will ensure accurate use of accounting fund codes. Such a plan will demonstrate compliance with [34 CFR § 75.702](#) and [2 C.F.R. § 200.302](#) which require the LEA to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for awarded RLIS-SQA funds. Additionally, the plan must address the requirement that the LEA have written procedures for determining cost allowability and maintain effective control over all funds. (2 CFR 200.302(b)).

Documentation:

On March 25, 2022, Hydaburg responded to the Required Action outlined in the Final Monitoring Report with a detailed description of the fiscal cost allowability procedures it will follow moving forward. This document properly references the relevant EDGAR and Uniform Guidance citations, incorporates GAAP principles, and lays out Hydaburg-specific procedures for each element of the cost allowability process.

Hydaburg also submitted a detailed SOP document that requires the LEA to follow the Uniform Guidance for all purchases using Federal funds. The document also provides a specific breakdown of each individual's responsibilities -- including the superintendent, the business manager, and the accounting clerk.

Status: Resolved