

U.S. Department of Education  
Rural, Insular, and Native Achievement Programs



**Small Rural School Achievement (SRSA) Grant Program**

**Fiscal Year 2022 Monitoring Report  
Hazen School District**

July 27, 2022





## Contents

Monitoring Information .....	3
List of Acronyms .....	4
Grantee Overview .....	4
Performance Assessment .....	5
I. Commendation .....	7
II. Met Requirements: Financial Management.....	8
II. Met Requirements: Use of Funds.....	9
II. Met Requirements: Audit Requirements .....	10
II. Met Requirements: Equipment and Supplies Management.....	11
II. Met Requirements: Personnel.....	12
II. Met Requirements: Procurement .....	13
III. Recommendation: Period of Availability .....	14
IV. Action Required: .....	16



## Monitoring Information

### Process

The Office of Rural, Insular, and Native Achievement Programs (RINAP) is committed to supporting States and local educational agencies (LEAs) as they implement Federal grant programs. Part of this commitment includes a monitoring process designed to not only address RINAP's responsibilities for fiscal and programmatic oversight, but to also identify areas in which grantees need assistance and support to meet their goals and obligations. The monitoring process is anchored around ongoing conversations between RINAP program officers and grantees. For fiscal year (FY) 2022, RINAP conducted this monitoring through off-site (desk) monitoring.

The goal of the monitoring process is to conduct a program-centered, performance-focused review of the Small Rural School Achievement (SRSA) program through a single, streamlined process that results in improved and strengthened partnerships between United States Department of Education (the Department) and grantees. To accomplish this, the RINAP monitoring process is organized into specific grant performance topics, which reflect the programmatic and fiscal requirements of the SRSA program.

### Report

This monitoring report summarizes the results of the May 16, 2022, RINAP review of Hazen School District (Hazen) in Hazen, AR. The report is based on information provided through the monitoring process and other relevant quantitative and qualitative data. The primary goal of monitoring is to ensure that Hazen's implementation of the SRSA program is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the Elementary and Secondary Education Act of 1965, as amended.<sup>1</sup>

---

<sup>1</sup>The RINAP office has chosen to focus only on select fiscal and program requirements. Because this report summarizes the results of a non-comprehensive set of fiscal and program requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.



---

## List of Acronyms

Department: U.S. Department of Education  
EDGAR: Education Department General Administrative Requirements  
ESEA: Elementary and Secondary Education Act of 1965, as amended  
FY: Fiscal Year  
GEPA: General Education Provisions Act  
LEA: Local Educational Agency  
NCES: National Center for Education Statistics  
OESE: Office of Elementary and Secondary Education  
REAP: Rural Education Achievement Program  
RINAP: Office of Rural, Insular, and Native Achievement Programs  
RLIS: Rural and Low-Income School program  
SEA: State Educational Agency  
T&E: Time and Effort  
Uniform Guidance: Uniform Guidance (2 CFR § 200)

---

## Grantee Overview

Hazen is a small, rural LEA located in Hazen, AR. In FY 2020, Hazen received funds under the SRSA grant program in the amount of \$16,616. Additionally, Hazen received funds under the SRSA grant program in the amount of \$17,465 in FY 2021. After being selected for monitoring, Hazen completed an online self-assessment and participated in a virtual monitoring interview with members of RINAP on May 16, 2022. For purposes of this review, Grace Kwon served as the lead Program Officer and Staci Cummins served as the supporting Program Officer. Leslie Poynter, REAP Group Leader, also participated in the monitoring interview and subsequent processes.



## Performance Assessment

Provided below is a performance snapshot for each topic reviewed by RINAP, reflecting how well Hazen is meeting specific fiscal and program requirements. Ratings are based on a four-point scale, “commendation”; “met requirements”; “recommendations”; and “action required.” Documentation indicating the completion of each required action must be provided to RINAP within 60 business days of the receipt of the final Monitoring Report. Each rating is described in more detail below:

### Section I: Commendation ● ● ● ●

This section highlights the areas where the grantee has exceeded requirements and is commended on the grant administration and fiscal management. In addition, this section provides an opportunity for RINAP to highlight those areas where the grantee has implemented an innovative or highly successful system or approach. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

### Section II: Met Requirements ● ● ● ○

This section identifies the areas where RINAP has determined that the grantee has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner. The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

### Section III: Recommendation ● ● ○ ○

This section identifies the areas where RINAP has quality implementation concerns related to grant administration and fiscal management. In these instances, RINAP is determining that the grantee is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of select operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, RINAP will provide a recommendation for improvement, but is not requiring the grantee to take any further action.



## U.S. Department of Education Rural, Insular, and Native Achievement Programs

### Section IV: Action Required ● ○ ○ ○

This section identifies the areas where RINAP has significant compliance and quality concerns. For each issue listed, RINAP will outline the current practice, the nature of noncompliance, and the required action. Documentation indicating the completion of each required action must be provided to RINAP within 60 business days of the receipt of the final Monitoring Report.

## Hazen School District Monitoring Assessment

Monitoring Topic	Assessment
Financial Management	Met Requirements
Period of Availability	Recommendation
Uses of Funds	Met Requirements
Audit Requirements	Met Requirements
Equipment and Supplies Management	Met Requirements
Personnel	Met Requirements
Procurement	Met Requirements



## I. Commendation



This section highlights areas of high-quality implementation.

N/A



## II. Met Requirements: Financial Management



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA (or its agent) must use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for SRSA funds. In general, an LEA must expend and account for Federal funds in accordance with Federal laws and regulations. In addition, LEA accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. LEAs must also have written procedures for determining cost allowability and must maintain effective control over all funds.

EDGAR: [34 C.F.R. 75.702](#)

Uniform Guidance: [2 C.F.R. 200.302](#); [2 C.F.R. 200.303](#)

### Description

Hazen School District's (Hazen's) standardized process for budgeting, cash management, and payment processing is overseen by Hazen's Business Manager and Superintendent and demonstrates proper disbursement of and accounting for SRSA grant funds. Once Hazen receives its SRSA award, the SRSA funds are coded into Hazen's accounting system according to the codes in an accounting manual provided by the Arkansas Department of Education (ADE) for proper accounting of Federal funds. Hazen's SRSA budget is approved by the Superintendent and school board. Purchases made with SRSA funds first go through a review process where the Business Manager checks the SRSA budget and allowability of costs and the Superintendent approves the purchase request. Hazen ensures the budget is followed by running a monthly report reviewed by the school board an annual report reviewed by the Superintendent and Treasurer.





## II. Met Requirements: Use of Funds



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA can only use SRSA funds for allowable costs, as defined in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives. An LEA must use SRSA funds to supplement, and not supplant, any other Federal, State, or local education funds and may use SRSA funds to carry out local activities authorized under any of the following provisions:

- Title I, Part A
- Title II, Part A
- Title III
- Title IV, Part A or B

ESEA: [§5212, §5232](#)

EDGAR: [34 C.F.R. 75.530](#)

Uniform Guidance: [2 C.F.R. 200.403-408, 2 C.F.R. 200.420-475](#)

### Description

Hazen plans to use its SRSA funds on security cameras once district staff are able to gain access to the funds in G5.gov, an allowable use of SRSA funds since allowable under Title IV, Part A of the ESEA. Hazen reviews allowability of costs by consulting with ADE's Federal programs team and using U.S. Department of Education resources, such as the REAP Uses of Funds Guide. Hazen has a written and standardized process for testing if an activity is supplemental or supplanting.



## II. Met Requirements: Audit Requirements



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA that expends greater than \$750,000 in federal funding in a given fiscal year is required to have an audit conducted in accordance with the requirements established in the Uniform Guidance. Completed audits must be submitted within the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period. An LEA must promptly follow up and take corrective action on all audit findings.

Uniform guidance: [2 C.F.R. 200.511\(a\)](#), [2 C.F.R. 200.512](#)

### Description

Hazen does not expend more than \$750,000.00 in Federal funding in a given fiscal year and as a result, is not required to have an audit in accordance with Uniform Guidance requirements.



## II. Met Requirements: Equipment and Supplies Management



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA shall use, manage, and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant Federal laws and procedures. LEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance: [2 C.F.R. 200.313-314](#)

GAO Green Book: [Principle 10.03](#)

### Description

Hazen submitted detailed equipment and supply management guidelines and examples including procedures related to purchasing, asset management and inventory, requisition, and property disposal. Hazen staff also described how each request to purchase equipment and supplies with SRSA funds, mainly computers and related equipment, goes through a multi-step approval process and is then inventoried in compliance with Federal inventory regulations. Asset records, including purchase records, are maintained in an electronic inventory system through retirement of the equipment once it is unusable.



## II. Met Requirements: Personnel



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance: [2 C.F.R. 200.430](#)

### Description

Hazen does not use SRSA funds for salaries. However, they documented a system of internal controls that provides reasonable assurance that in the case that salaries were paid for with SRSA funds, that the charges would be accurate, allowable, and properly allocated. For example, Hazen provided example time and effort forms that break down the activity of the employee by the each period in the school day and the associated fund that pays for the activity.



## II. Met Requirements: Procurement



This section highlights areas of acceptable quality that are meeting expectations.

### Requirement Summary

An LEA shall ensure that all relevant Federal procurement procedures are followed when procuring goods and services using Federal funds.

Uniform Guidance: [2 C.F.R. 200.318](#)

### Description

Hazen follows a procurement policy, which incorporates 2 C.F.R. 200.318 requirements, when purchasing items using Federal funds. For example, Hazen sends a notice of opportunities to bid and allows sufficient time to receive responses from bidders, offerors, or contractors. It does not solicit bids for contracts \$25,000 or greater from vendors that are on the “excluded parties list” on [www.epls.gov](http://www.epls.gov). Hazen also reviews the exclusions section on SAM.gov for debarred parties and does not purchase from these parties. All purchases \$5,000 or greater are procured by soliciting bids. In addition, the Arkansas Department of Education requires Hazen’s staff to submit a form that discloses any relationships between staff and vendors to prevent conflicts of interest. The form is approved by Hazen’s school board.



### III. Recommendation: Period of Availability



This section highlights areas with quality implementation concerns.

#### Requirement Summary

An LEA may only charge a grant program for allowable costs incurred during the period of availability (e.g., July 1, 2021 – September 30, 2023) and shall liquidate all obligations incurred under the award not later than 120 calendar days after the end date of the period of availability (e.g., January 31, 2024).

EDGAR: [34 C.F.R. 75.707](#)

U.S. Code: [31 U.S.C. 1552](#)

#### Description

Hazen provided evidence demonstrating SRSA funds are only spent within the prescribed period of availability. Upon receiving SRSA award information each year, the Business Manager enters it as new revenue in the LEA's budget for that school year, which is then approved by the School Board and ADE.

The LEA only spends SRSA funds within ADE's performance period, which runs from July 1 to June 30 each year. In this way, the LEA only spends SRSA funds within the prescribed period of availability but does not incorporate the SRSA performance period into their process, rather relying upon ADE's performance period. The LEA provided internal balance documents and annual balance sheets from ADE that show that all SRSA funds had been expended prior to the end of the performance period. However, the Business Manager did note that SRSA funds are not always spent by June 30 and that they occasionally have "carryover" per ADE. The "carryover" funds must be spent by September 30, which is still within the SRSA performance period.

The Business Manager intends to draw down all obligated SRSA funds on June 30 each year but has longstanding issues with G5.

#### Recommendation

The Department recommends that Hazen develop written policies and procedures that incorporate the SRSA period of availability, in accordance with [34 C.F.R. 75.707](#), [31 U.S.C. 1552](#). While Hazen may continue to rely upon ADE's annual period of availability process since it currently ensures that SRSA funds are spent within the SRSA period of availability,



## U.S. Department of Education Rural, Insular, and Native Achievement Programs

adding SRSA-specific timelines regarding period of availability will help ensure that current and future Hazen officials will be aware of and adhere to the SRSA period of availability.



---

## IV. Action Required:



This section highlights areas with significant compliance or quality concerns that require urgent attention.

N/A