

FY 2022 SRSA Monitoring Resolution Report Attica Consolidated School Corporation (IN)

1. Financial Management

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](#)

Issue:

During the monitoring interview, Attica described its financial management practices for handling SRSA grant funds. These practices include an administrative meeting among Attica officials to determine the LEA's highest-need areas and planned uses of funds, determining which funds should be used to procure the selected goods and services, and accessing the grant award in the Department's G5 system. Although these practices signal a basic degree of fiscal control and financial management, neither the descriptions provided during the interview, nor the supporting documentation submitted, including the LEA's budget history report, adequately demonstrate that Attica's current policies and procedures ensure proper disbursement of and accounting for SRSA funds.

Attica's current accounting system for the SRSA grant funds consists of hand-written notes and does not provide sufficient detail to track each expenditure from the LEA's SRSA award. Additionally, Attica submitted receipts for expenditures from the fiscal year 2021 SRSA award totaling more than the total amount of the award. The LEA indicated that it is planning to transition to a web-based accounting system during the summer prior to the start of the 2022-2023 school year.

Given that the RINAP reviewers were unable to sufficiently track the LEA's receipts and documentation to verify its compliance with financial management requirements, the LEA's system does not satisfy Federal requirements under 34 CFR 75.702. Lastly, Attica did not provide documentation regarding its written procedures for determining the allowability of costs pursuant to 2 C.F.R. 200.302(b)(7).

Required Action:

Within 90 business days of receiving this report, Attica must provide RINAP with financial management procedures that demonstrate compliance with 34 CFR § 75.702, 2 C.F.R. § 200.302, and 2 C.F.R. § 200.303, which require an LEA to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for any awarded SRSA funds. In particular, the procedures must ensure that the LEA will account for when it receives a Federal award, the award's performance period, and each expenditure associated with the award. The document must also address the requirements that the LEA: have written procedures for determining cost allowability; maintain effective control over all funds; and adhere to supplement, not supplant requirements. Additionally, the updated procedures

document should describe how Attica’s anticipated transition to a web-based accounting system will adhere to Federal requirements.

Documentation:

In December 2022, Attica provided a revised Grants Management Policies document that references a mandatory implementation plan that demonstrates fiscal control and fund accounting procedures to ensure proper disbursement of and accounting for all Federal grants. In particular, the document details procedures for accounting for receipt of Federal funds and a file management procedure as well as evidence of how the LEA determines cost allowability, maintains internal controls, and ensures that fund use is supplemental. Further, in March 2023, the LEA submitted screenshots from the web-based accounting system with annotations demonstrating how the system ensures the LEA can more effectively track required grant information.

Status: Resolved

2. Period of Availability

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. 75.703](#); [34 C.F.R. 75.707](#)

Issue:

During the monitoring interview, Attica explained that it obligated FY 2021 SRSA funds prior to the start of the grant’s performance period (July 1, 2021). While Attica stated that their local school board policy requires purchases be made within the award’s period of availability, the LEA staff explained that in order to purchase items for use during the 2021-2022 school year given shipping delays due to COVID-19, the LEA determined that it needed to purchase certain items prior to the SRSA grant start date (i.e., Attica purchased materials before July 1, 2021). 34 CFR 75.703 explicitly states that grantee LEAs may only charge a grant program for allowable costs that are incurred during the period of availability. Therefore, Attica’s purchase of materials with SRSA funds prior to the start of the grant period that Attica described during the interview is not consistent with the requirements for obligating and expending SRSA grant funds

Required Action:

Within 90 business days of receiving this report, Attica must provide RINAP with its updated period of availability procedures. This document must demonstrate compliance with 34 CFR 75.703 which requires that an LEA only obligate grant funds during the period of availability specific to each award. The document must include deadlines for obligations and liquidations of SRSA grant funds and ensure that each fiscal year of the SRSA award is tracked separately in the LEA’s accounting system. 34 CFR 75.707 defines what constitutes an obligation and should be used to help the LEA determine appropriate obligation procedures.

Additionally, since the LEA obligated funds from the FY 2021 SRSA award prior to the start of the grant's performance period, Attica must reimburse its SRSA award from the LEA's general fund and submit documentation demonstrating the reimbursement within the LEA's financial management system. At the time of this monitoring report, the LEA is still within the 27-month performance period for its FY 2021 SRSA grant award. Therefore, after reimbursing itself, Attica may then reobligate these funds for allowable costs in accordance with section 5212 of the ESEA that were obligated at any time between July 1, 2021, and September 30, 2023, which is the end of the FY 2021 SRSA grant performance period.

Documentation:

In December 2022, Attica provided a revised Grants Management Policies document that references a mandatory implementation plan for all Federal grants. The document includes a commitment of adherence to all applicable terms and conditions of the grant, to include period of availability. Attica also submitted a sample funds history report as part of its response.

On March 28, 2023, Attica submitted additional documentation that included evidence it has reimbursed itself for the unallowable drawdowns. This documentation demonstrates that, on October 3, 2022, the LEA used other funding for expenditures previously associated with the FY 2021 SRSA award totaling \$20,833, the full amount of the LEA's SRSA award (PR Award number S358A211165).

Attica also submitted a "corrections" accounts payable voucher and an expenditure account history page with explanatory notes.

Status: Resolved

3. Uses of Funds

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 of the ESEA:

- 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](#)

Issue:

During the monitoring interview, Attica officials informed the RINAP reviewers that its FY 2021 SRSA grant award was used primarily on curriculum support to reduce student textbook fees. Lesser amounts were allocated to provide stipends to special education, speech pathology, and nursing staff

for professional development and other work completed prior to the start of the 2021-2022 school year.

Due to the volume of different expenditures that Attica billed to its FY 2021 SRSA award and given that the Department is requiring Attica to reimburse itself since these expenditures occurred outside of the grant's period of availability, the RINAP reviewers did not make a definitive determination as to whether each of Attica's uses of SRSA funds was allowable and supplemental in nature. However, the LEA's use of funds for curriculum support in particular raises concern that SRSA funds supplanted the costs for expenditures that would otherwise have been supported through Federal, State, or local education funds. As described by the LEA, the State of Indiana allows an LEA to charge parents a curriculum fee for necessary LEA expenditures. The State pays the fee for some parents. The LEA did not provide any evidence that the curriculum purchased with SRSA funds was supplemental to the LEA's required curriculum and rather indicated that the SRSA funds were used to reduce the fee that was passed along to parents.

Required Action:

Within 90 business days of receiving this report Attica must provide RINAP with its updated uses of funds procedures, which may be included in the procedures developed to address the Financial Management finding described earlier in this report. These procedures must demonstrate compliance with the applicable sections of the ESEA, EDGAR, and Uniform Guidance. These updated procedures should ensure that the LEA will adhere to cost allowability requirements, including the requirement that costs be reasonable and necessary for the accomplishment of program objectives and the requirement that SRSA funds supplement, and do not supplant, any other Federal, State, or local education funds.

Documentation:

In December 2022, Attica provided a revised Grants Management Policies (GMP) document that references a mandatory implementation plan for all Federal grants. The plan establishes general guidelines for the use and receipt of grant funds, including a prohibition of supplanting. In March 2023, Attica also submitted a cost principles document that details financial management procedures.

Status: Resolved

4. Equipment and Supplies Management

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](#)

Issue:

As part of the monitoring self-assessment, Attica explained that it maintains an inventory for capital equipment purchased that exceeds \$5,000 and that it has not purchased capital equipment with

Federal funds. Attica also presented the Department with written procedures for equipment and supplies management, consistent with Federal laws and regulations, as well as its current inventory list. Although Attica maintains and periodically reviews an inventory list of SRSA-purchased technology, it does not describe the intended use of the items, the source of the funding of the property (including the Federal Award Identification Number (FAIN)), indication of the titleholder for the equipment and supplies, or the percentage of Federal participation in the cost of the equipment and supplies for the award under which it was acquired.

Required Action:

Within 90 business days of receiving this report Attica must provide RINAP with its updated equipment and supplies management procedures. This document must demonstrate compliance with 2 C.F.R. 200.313-314 which require that an LEA maintain property records that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Documentation:

In December 2022, Attica provided a revised Grants Management Policies (GMP) document that references a mandatory implementation plan for all Federal grants, which includes a general discussion of the LEA's equipment and supplies management processes. On Page 9 of the GMP, Attica references the need for compliance with established guidelines from the Board's purchasing policy. Further, in March 2020, Attica submitted Federal grants procurement documents that detail its procurement/purchasing policies.

The REAP program office recommends that Attica continue to refine its written procedures for equipment and supplies management. Although Attica's submitted documentation is sufficient to generally address this finding, Attica will benefit from developing a more detailed and substantive description of its written policies and procedures for equipment/supplies management, particularly if the LEA plans to use Federal funds to purchase equipment and supplies.

Status: Resolved

5. Personnel

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](#)

Issue:

Attica described its process for time and effort reporting to track staff time and effort for staff stipends that were paid with SRSA funds. During the monitoring interview, Attica described a process of verifying employee time and effort where the individual employee being paid with Federal funds tracks

their hours worked using a self-regulated and self-created time sheet that is then verified by principals. Given the small size of the stipends, the system of internal controls provides a reasonable assurance that the charges were accurate and allowable. However, since the fiscal year 2021 SRSA funds (which were used to pay teacher stipends prior to July 1, 2021) were not available for allocation until July 1, 2022, the system of internal controls did not ensure the funds were properly allocated.

Required Action:

Within 90 business days of receiving this report, Attica must provide RINAP with its updated personnel and time and effort procedures. This document must demonstrate compliance with 2 C.F.R. 200.430 which requires that an LEA ensures personnel charges are based on accurate records that are supported by a system of internal controls. The document should describe the internal controls that the LEA will adopt to ensure that charges to Federal awards for salaries are based on records that provide reasonable assurance that the charges are accurate, allowable, and properly allocated. Additionally, personnel charges must meet the obligation requirements defined in 34 C.F.R. 75.707 and must be performed during the supporting grant's performance period.

Documentation:

On March 28, 2023, Attica submitted a cost principles Policy Manual that details its accounting procedures for time and effort.

Status: Resolved