LOUISIANA DEPARTMENT OF EDUCATION

MEMORANDUM

TO: Parish and City Business Managers
Charter School Business Officials
RSD-LDE Business Manager
SU and LSU Lab School Business Managers
State Agency Business Managers

FROM: Charlotte Stevens, Director
Education Finance

DATE: August 14, 2012

SUBJECT: Internal Control Self-Assessment

Proper internal controls over processes assist in ensuring compliance with applicable state and federal laws, as well as safeguarding, managing, and accounting for the assets of the Local Education Agencies (LEAs). The Louisiana Department of Education (LDOE) is providing the attached internal control self-assessment document to be completed by each LEA. This document serves to assist LEA personnel with evaluating its current internal control procedures over federal programs and identifying areas where controls may need strengthening to ensure compliance with applicable laws.

Each LEA must complete the internal control self-assessment document and maintain it on file. If processes or information change, update this document as soon as the changes are implemented. This document should be reviewed by LEA staff in its entirety on an annual basis. The LDOE federal audit staff will request a copy of this assessment and any supporting documentation if your LEA is selected for a fiscal review.

Your prompt attention to this matter is greatly appreciated. Should you require any assistance or are requesting technical assistance with any of the specific items included on the internal control self-assessment document, please contact Nakia Jason, Federal Audit Supervisor, by phone at 225-342-8848 or the toll free number below, or by email at Nakia.Jason@la.gov.

CS:mh
Attachment

c: Parish and City School Superintendents
Charter School Board Presidents
RSD-LDE Chief Fiscal Officer
SU and LSU Lab School Principals
State Agency Executive Directors
Marella Houghton, CPA, Audit Manager
Nakia Jason, Federal Audit Supervisor

LOUISIANA DEPARTMENT OF EDUCATION

FISCAL MONITORING INTERNAL CONTROL CHECKLIST

FEDERAL GRANT PROGRAMS

OVERALL OBJECTIVE

Monitoring is the regular and systematic examination of a subrecipient's administration and implementation of a Federal Education grant administered by the Louisiana Department of Education. Monitoring of programs awarded through LDOE is necessary to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality edcuation. This Monitoring tool is used to assess the extent to which subrecipients implement policies and procedures that comply with the statutes and regulations of NCLB, IDEA, Career and Technical Education and TANF programs funds, as well as American Recovery Reinvestment Act funds and Internal Controls. The goal, as in all monitoring activities, is to ensure that federal grant dollars are being spent on allowable activities that will enhance the learning process and outcomes of the students you are teaching.

Subrecipient Name: _____ **Fiscal Year:** _____

Authorized Representative: _____ **Title:** _____

Superintendent/Administrator: _____ **Date:** _____

Address: _____ **City/State:** _____ **Zip Code:** _____

E-mail: _____ **Phone:** _____ **Ext.:** _____ **Fax:** _____

Complete the following questions with as much detail in a narrative format. Do not leave any areas blank. If you wish for the department to provide any technical assistance in a particular area, place a check mark in the appropriate column and leave comments or questions. If you have any immediate questions regarding the monitoring tool, please contact the federal audit staff at (225) 342-4989.

★★ Denotes documents that should be provided to auditor as references for monitoring purposes.

★ Denotes documents that may be requested by the auditor during the course of the monitoring. Refer to review document for preferred presentation of documents.

	Technical Assistance requested	RESPONSES/COMMENTS
ACCOUNTING SYSTEM/BANKING ACCOUNTS/JOURNAL ENTRIES		
1. Which employee(s) are assigned the responsibility of overseeing and maintaining the accounting system and records for federal programs?		
2. What accounting system is used to account for federal program funds and how does the subrecipient account for federal program funds in the system?		
3. Is there a Chart of Accounts maintained each fiscal year for the accounting system which references each of the federal programs? Provide copy showing federal accounts included in monitoring review. ★★		
4. Do you, the subrecipient, have separate funds for each federal program or are all programs assigned a code and maintained in the general fund?		
5. Do you, the subrecipient, have separate bank accounts for each federal program or are all federal program funds deposited in one main account or general fund?		
6. How are funds deposited into the subrecipient's accounts?		
7. If applicable, how does the subrecipient account for grant related funds distributed to individual schools?		
8. Who prepares, signs and authorizes checks for federal program expenditures?		
9. Who performs bank reconciliations for the federal programs and how often is this done?		
10. How long are checks allowed to remain outstanding before they are investigated?		
11. For correcting and adjusting journal entries for federal programs: Who is authorized to initiate, prepare, review, approve and then enter in system? Explain this process.		
BUDGETS AND BUDGET REVISIONS		
1. Who is authorized to initiate, prepare, review and approve budgets and revisions?		
2. Explain the budget process for each federal program. (Include preparation, entry into the system, approvals, and inclusion in the federal program application)		
3. Do you, the subrecipient, retain copies of budgets, revisions and other supporting documents?		
4. When are budget revisions prepared and what process is used to determine that one is needed?		
REIMBURSEMENT REQUESTS/PROJECT COMPLETION REPORTS		
1. Explain the reimbursement request process that you follow. Include gathering information used to prepare reimbursement requests and compiling information that substantiates the amounts being requested. Who prepares, reviews, and approves the reimbursement requests for federal programs?		
2. How often are reimbursement requests submitted?		

	Technical Assistance	RESPONSES/COMMENTS
3. Who follows up on reimbursement requests (reconciles the amount requested to the amount reimbursed) for federal programs and is authorized to make corrections on them if needed? How often is this done?		
4. Are project completion reports submitted for federal programs on a timely basis? How often are thy submitted?		
5. What is the process for gathering information used to prepare, submit, review, approve, and compile substantiating amounts for Project Completion Reports for federal programs?		
6. Who follows up on Project Completion Reports for federal programs and is authorized to make corrections on them if needed?		
PERSONNEL AND PAYROLL		
1. Are personnel files maintained for each employee with the following information included: job description, degree level, hire date, end date, years of experience, certifications, salary and pay rates? ★		
2. Is there a staffing list maintained for each federal grant of all personnel working on a particular federal program? Is this list updated each fiscal year? ★★		
3. Does the staffing list include the following: federal program and CFDA number, employee names, positions, starting and ending dates and work location?		
4. Is there a cost certification system (time and effort) for documenting activities of personnel paid with federal funds as required by OMB Circular A-87? ★		
5. Are Personnel Activity Reports (PARs) prepared at least monthly by employees who work on multiple cost objectives?		
6. Are Semi-Annual Cost certifications prepared semi-annually for employees that work solely on one federal program?		
7. Are cost certification (time and effort) reports prepared after-the-fact?		
8. Are cost certification forms completed with the following information: employee and/or supervisor name/signature, program name(s), CFDA#, dates worked, fund accounts and percentage of time worked?		
9. Is there a periodic reconciliation of payroll charges to personnel activity reports? (at least quarterly)		
10. Are staff salaries consistent with the budget?		
11. Is a salary schedule maintained for each fiscal year?★★		
12. Are salaries consistent with the salary schedule?		
13. Are substitute and stipend pay rates included in the salary schedule? ★		
14. Are sign in sheets maintained for personnel who work on federally supported after school programs, trainings, and workshops? ★		
15. Are payroll records capable of showing employee payments of salaries and benefits from a federal program?★		
PURCHASING SERVICES AND PAYABLES		
1. Are written policies and procedures in place for purchases made by the subrecipient? ★★		
2. Are the expenses in compliance with grant requirements/guidelines and OMB circular A-87?		

	Technical Assistance	RESPONSES/COMMENTS
3. Are purchase requisitions originated by authorized personnel in the department requesting the item?		
4. Are purchase requisitions reviewed and approved by appropriate personnel in the Purchasing Department prior to the purchase being made?		
5. Are requisitions, purchase orders, and invoices retained for federal fund expenditures?★		
6. Are check copies (or similar bank records) of federal expenditures maintained or available for review upon requests?★		
7. Are procedures in place to ensure that items received are documented and reconciled to the items included on the purchase order?		
8. How are discrepancies and/or differences concerning items on the purchase orders and vendor invoices resolved between vendors and the subrecipient?		
9. Are procedures in place to ensure that items requested, approved, received and included on vendor invoices are accurately and timely paid and who does this?		
10. Are purchases consistent with approved budgets?		
11. Who authorizes, prepares, and signs checks for the federal program expenditures and how is this done?		
TRAVEL REIMBURSEMENTS		
1. Is there a travel policy with guidelines for allowable travel expenditures and travel rates? ★★		
2. Is travel required to be pre-approved prior to incurring the expenses?		
3. Is supporting documentation required for all travel reimbursement requests described in the travel policy and attached to the travel requests?★		
4. Prior to payment, are travel reimbursement requests reviewed and approved by appropriate personnel?		
5. For travel to conferences, workshops, and training, are sign-in sheets, registration documents, agendas, itineraries, hotel receipts, meal receipts, invoices other expenses receipts included as documentation to support travel? ★		
6. Are all travel reimbursement requests paid in accordance with the travel policy and who pays them?		
7. For mileage, are travel reimbursement forms completed showing miles traveled, destinations, purpose and program.		
8. How are overpayments to employees for travel expenses recouped?		
PROPERTY CONTROL AND PROCUREMENT		
1. Is there an employee who is assigned the responsibility of overseeing and maintaining inventory records and property?		
2. Is there a fixed asset policy that defines fixed assets and how they are acquired?★★		
3. Is a fixed asset list maintained for all property purchased? Has the list been updated to include assets purchased with ARRA funds?		
4. Does the fixed asset list include all of the following information: fixed asset description, assigned id number/tag number, funding source, acquisition date, cost, location, use and condition of fixed asset, disposition/disposal date?		
5. Are all fixed assets tagged with the appropriate assigned id number?		
6. Is a physical inventory taken at least once every two years and reconciled to the actual property records?		

	Technical Assistance	RESPONSES/COMMENTS
7. Are procedures in place to safeguard fixed assets from loss or theft? Describe these procedures.		
8. Is there a process in place which documents the disposal of property? Describe these procedures.		
9. Is a process in place to offer idle fixed assets to other federal programs?		
10. Are maintenance procedures in place to keep fixed assets in good condition?		
11. Is the subrecipient informed and adhering to the Louisiana Public Bid Law Process (La. R.S. 38:2211-2296) for procurement of materials and supplies?		
12. Is the Bidding process well documented? Does it conform to Louisiana Public Bid Law as well as federal grant requirements?		
13. Do you, the subrecipient have a purchasing policy?★★		
14. Do you, the subrecipient have Board approved actions regarding procurement in it's purchasing policy that may govern sole source purchases? (i.e. Adoption of La. R.S. 39)		
15. Are procurement documents retained by the subrecipient that include: details of product to be purchased, quotes, bids, advertisements, etc.		
16. Is the subrecipient informed on the bidding process and the dollar thresholds that determines the appropriate procedures?		
17. Is the subrecipient informed of the necessary documentation necessary to support any sole source purchases?		
RECORD RETENTION		
1. Is there a record retention policy that includes records to be maintained, length of time each record will be retained, where records will be retained and which personnel are responsible for maintaining them?		
2. Who is authorized to dispose of records and how is this done?		
INTERNAL CONTROLS		
Are the following internal controls in place:		
1. Written policies regarding employee ethics? If yes, provide a copy.		
2. Employee manuals that provide detailed guidance in the performance of duties?		
3. Are there internal controls in place to ensure segregation of duties?		
4. Is there a protocol for the dissemination of information, such as guidance and technical assistance from LDOE, updates of federal requirements, etc.?		
5. Is there an internal audit function for the district, charter, or agency?		
a. Does it report directly to the school board?		
b. Has an audit plan been developed using a risk assessment?		
c. Does the plan include steps to monitor federal funds (subgrants) distributed by the LEA to schools within the district?		
d. Do reviews include steps to examine the enforcements of controls and the existence of security measures that prevent management bypass or override of established procedures/controls?		
e. Is there an established procedure to report suspected improprieties or fraud?		

	Technical Assistance	RESPONSES/COMMENTS
ARRA REPORTING		
1. Do you, the subrecipient, have an ARRA reporting policy and/or procedures in place to ensure compliance with LDOE's guidelines? If yes, provide copy. ★★		
2. Periodic Expense Reports (PERs)		
a. Who is responsible for filing PERs for each ARRA program?		
b. What is the process of for filing PERs for each program?		
c. Are PERs filed each quarter and in a timely manner for all ARRA programs?		
3. Do you, the subrecipient have a current and/or updated Data Universal Number System (DUNS)?		
4. Have you maintained current registration in the Central Contractor Registry (CCR) database?		
5. Who is responsible for ensuring that items 3 and 4 above are current?		
6. Does your policy/procedures for ARRA reporting include a Full-Time Equivalent (FTE) calculation for jobs created and/or retained?		
7. For vendor payments less than $25,000, are the reported expenditures and number of payments cumulative and supported by adequated documentation to ensure allowability?		
8. For vendor payments over $25,000, is the required vendor information reported?		
9. Prior to obtaining services from any vendor, is that vendor checked to ensure they are not suspended or debarred?(Federal website available to determine this) Is adequate documentaion retained to identify that the vendor has been checked?		