

INTERNAL CONTROLS

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OUTLINE – INTERNAL CONTROLS

Requirements

Time and Effort Reporting

Statistics on Single Audit Findings

Allowable Costs

Procurement Controls

Inventory Controls

Equipment Controls

REQUIREMENTS

All recipients of federal funds must have controls that

- **Ensure federal money is spent correctly**
- **Prove federal money is spent correctly; and**
- **Safeguard property purchased with federal money**

TIME AND EFFORT REPORTING

Reporting

Records

Semi-Annual Reporting

Monthly Reporting

Stipends and Other Payments

Sample Forms

Title I Semi-Annual Certification

Title I Monthly Time and Effort Record for Split-Funded Staff

TIME AND EFFORT REPORTING

Districts must maintain auditable "time and effort" records that show how each Title I employee spent his or her compensated time.

These records are written, after-the fact (not estimated or budgeted) documentation of how the time was spent.

Time and effort records must be prepared by any Title I staff with salary charged

- (1) directly to a federal award,**
- (2) directly to multiple federal awards, or**
- (3) directly to any combination of a federal award and other federal, state or local fund sources.**

TIME AND EFFORT RECORDS - SEMI-ANNUAL REPORTING

Full-time staff

Each district must submit copies of signed semi-annual certifications documenting that staff work solely in activities supported by the Title I grant.

TIME AND EFFORT RECORDS - MONTHLY REPORTING

Split-time staff – Works on Title I and other activities

Each district must submit documents that describe time spent on Title I and other activities

STIPENDS AND OTHER PAYMENTS

Stipends (and other supplemental contracts) must also be reported.

Record stipends on semi-annual certifications or monthly reports, in the margin, whichever is utilized for the particular employee.

Alternatively, permitted documentation includes

- (1) A signed supplemental contract that stipulates Title I work activity,**
- (2) Sign-in attendance logs approved by the supervisor (e.g., pay for professional development activities, after school activities, etc), and**
- (3) Employee time/pay slips that specify "Title I" and are approved by the supervisor.**

STATISTICS ON SINGLE AUDIT FINDINGS

Nationwide – 1167 Total Findings

- **29% (341) Unallowable Costs**
- **16% (189) Reporting**
- **10% (113) Property and Procurement**
- **9% (105) Cash Management**
- **9% (104) Sub recipient Monitoring**

ALLOWABLE COSTS

All recipients of federal funds must be able to spend federal money correctly, and prove that they spent federal money correctly

Policies and procedures

OMB Circular A-87

43 specific costs detailed

All costs must be necessary and reasonable

Must be necessary for the performance or administration of the grant

Must follow sound business practice

Fair market prices

Act with prudence under the circumstances

Do I really need this?

Do I have the capacity to use what I am purchasing?

Did I pay a fair rate? Can I prove it?

PROCUREMENT CONTROLS

Written policies and procedures

Common problems

- **No documentation**
- **Invoice predates purchase order**
- **Lack of description in contracts/invoices**
- **Lack of approval over payment process**
- **Inadequate segregation of duties**
- **Conflicts of interest**

INVENTORY CONTROLS

Supplies

Do not cost much money

Used fairly quickly

Must assure it is used solely for authorized purposes

Determining level of control over item

Pens, paper, toner, laptops

Not enough description on property records

Tracking non-equipment items

Small and attractive

Little control needed; Group control; Individual control.

EQUIPMENT CONTROLS

Tangible personal property; useful life more than one year; acquisition cost of \$5,000 or more

Must have adequate controls to account for

Location of equipment

Custody of equipment

Security of equipment

Property records

Description, serial number, acquisition date, cost,

Physical inventory

Must be performed at least every two years

Control systems to prevent loss, damage, and theft

QUESTIONS/ COMMENTS

Travel expense issues

Documentation

Purpose of travel

Receipts

Reasonable and necessary