

# Illinois State Board of Education Federal and State Monitoring



21<sup>st</sup> Century Community  
Learning Centers Spring  
Conference

# Topics of Interest

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- Overview of OMB OMNI Circular
- Policy and Procedure Overview
- Internal Controls Overview
- Common Findings
- Reminders

# OMB Omni Circular

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- Subrecipient Monitoring
- Compensation Personal Services
- Single Audit Requirements – Threshold
- Written Policies and Internal Controls

# Omni Circular Sub Recipient Monitoring – Risk Assessment

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- Prior Experience with same or similar awards
- Results of previous audits
- Is the LEA required to have a A-133 Audit
- New Personnel or substantially changed systems
- The results of Federal awarding agency monitoring

# Omni Circular Compensation Personal Services

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- ❑ Increases emphasis on internal controls of subrecipient for personnel costs.
- ❑ Provides less prescriptive guidance on documentation

# Omni Circular Single Audit Requirements – Threshold

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- Increases the Requirement for an A-133 Audit from current level of \$500,000 to \$750,000

# Omni Circular Written Policies

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- Requirements for written policies for Federal Grants
  - Personal Services
  - Inventory
  - Grant Management

# Written Policies and Procedures

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## Polices and Procedures Must Be Specific to Your Organization

- The policy must state what you are going to do and why
- The procedures state
  - What steps are required to be completed
  - Who is going to perform the steps
  - When the process will be completed



# Internal Controls

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- Strong Internal Controls include:
  - Policies and procedures for individual functions
  - Separation of Duties for all functions
  - Supervisory review of expenditures prior to submission
  - Grant and Fiscal staff review of transactions to ensure proper posting of expenditures to grants
  - Procedures to ensure grant objectives are being met

# Common Fiscal Monitoring Findings

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- ❑ Inaccurate Expenditure Reports
- ❑ Salaries paid were not approved or were inaccurate
- ❑ Inventory Issues
- ❑ Expenditures paid were unallowable or did not support the program intent
- ❑ Expenditures were not within the grant period

# Basic Guidelines for Allowable Expenditures

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- Does the cost meet the requirements of the law?
- Is the cost necessary, reasonable and allocable?
- Is the cost consistently applied?
- Is the cost adequately documented?
  - Examples: segregated accounts, invoices, payroll detail, cancelled checks, inventory records and other valid supporting documentation

# Inventory Requirements

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- ❑ Procedures must be in place to ensure the control of equipment and materials both in the LEA and those in private schools
- ❑ Equipment purchases must be approved in the grant budget
- ❑ Inventory records must include the following components
  - Description
  - Serial number or other identification number
  - Funding source for purchased property
  - Who holds title
  - Acquisition date
  - Cost
  - Location, use and condition
  - Disposition date, if applicable
- ❑ All equipment purchases must be physically located in the grant usage area and must support the intent of the program

# References and Helpful Links

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- United States Department of Education:  
<http://ed.gov>
- Office of Management and Budget (OMB) Circular A-87: [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html#atta](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#atta)
- Illinois Program Accounting Manual (IPAM): <http://www.isbe.net/sfms/html/ipam.htm>
- State and Federal Grant Administration Policy and Fiscal Requirements and Procedures:  
[http://www.isbe.net/funding/pdf/fiscal\\_procedure\\_handbk.pdf](http://www.isbe.net/funding/pdf/fiscal_procedure_handbk.pdf)
- <http://www.isbe.net/e-bulletins/default.htm>
- <http://isbe.net/grants/default.htm>
- <http://isbe.net/ea/htm/checklist.htm>

# Contact Information

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# Questions and Answers

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