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Grant Services

February, 2012

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BACKGROUND

The Office of Grant Services (the Department) assists school and district personnel in researching and preparing grant applications. When grants are awarded, the Grant Services and Fiscal Services departments monitor compliance with grantor guidelines as well as district, state and federal requirements. Based on our review, for fiscal year 2010/2011, grant funding totaled over \$268 million (does not include Pell or entitlement grants), representing 337 projects under the oversight of 101 fund managers.

OBJECTIVE

Our audit objective was to determine whether the District's monitoring process was effective to ensure compliance with grant provisions, district policies and state and federal requirements.

SCOPE AND METHODOLOGY

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to achieve the objective. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. We also offer suggestions to improve controls or operational efficiency and effectiveness.

Our scope was limited to the Grant Services and Fiscal Services monitoring activity of grants awarded (does not include Pell or entitlement grants) during the period from July 1, 2010, through June 30, 2011. We reviewed and tested documentation maintained by the departments for a sample of grants during the audit period.

COMMENDATION

The Office of Grants Services is experienced and well regarded by the schools and departments they serve. This was evidenced by the results of our survey of a sample of fund managers.

Based upon the audit procedures performed, the District's monitoring process of grants appears to be effective. However, we noted opportunities for improvement in the following areas:

FINDINGS AND RECOMMENDATIONS

Grants and Special Funds Administration Manual

The Grants Manual needs to be updated for new processes and procedures.

We recommend that the Department update the manual and document management's approval of the changes

Survey results of fund managers indicated that not all had received a copy of the Grants Manual.

We recommend that the manual be distributed consistently to all fund managers and that the Department consider documenting the distribution and receipt of the Grants Manual by fund managers.

Assignment as Fund Manager and Authorized Signature Forms

The Assignment as Fund Manager Form was not always completed and on file in the Grants Services folder. We also noted that this form was not updated when there was a fund manager change. This form, when signed, documents that the fund manager is aware of and agrees to comply with grant guidelines.

The Authorized Signature Form was not always completed and on file in the Fiscal Services folder. This form, when signed, documents the individuals who are authorized to obligate grant funds.

We recommend that current procedures be reviewed and revised if necessary to ensure these forms are consistently completed and on file.

Invoices Dated Before Purchase Orders

Eleven invoices were dated prior to the purchase order date for 6 of the 15 grants reviewed.

Management Directive A-5 states in part: "no employee shall obligate the Orange County public school system in any manner without the issuance of a purchase order."

We recommend that Fiscal Services and Procurement Services coordinate their efforts to ensure compliance with Management Directive A-5 and School Board Policy DJB.

Final Report Not Submitted Timely

The Final Performance Outcome Report for the State Juvenile Justice Grant was not submitted timely. The report was submitted December 19, 2011, after we requested the status of the report from management. According to the grant agreement, the Annual Report is due on the 15th day following the last day of the grant agreement and the last day of the grant was July 14, 2011.

We recommend that current report monitoring procedures be reviewed and corrected, if necessary, to ensure reports are submitted in a timely manner.

Services Grant Documentation

On July 27, 2010, Grants Services requested and received School Board approval of the acceptance of a \$51,000 grant from the U. S. Green Building Council for energy performance services related to the new construction of Zellwood Elementary.

The Grant Services Annual Report for 2010/2011 states that the staff maintains records on all grant applications and awards. After we requested the status of this grant, it was verified with the Facilities Department that the energy performance services are in the process of being received. However, Grant Services management stated that service-type grants are not monitored, nor is documentation maintained for these types of grants.

We recommend that the department consider monitoring and maintaining documentation for all grants that are approved by the School Board, including services grants.

SAP Should Be Basis of Grants Database

A comparison of Grant Services records with SAP records found one grant that was not in Grants Services database of grants.

We recommend that the grants database either be based on SAP or reconciled to SAP on a regular basis to check for errors or omissions.

We wish to thank the staff of the Grant Services and Fiscal Services Departments for their cooperation and assistance during the audit.

Jan Skjersaa, CPA, Auditor
Vince Roberts, CIA, Auditor

AUDIT RESPONSE MATRIX

FISCAL PERIOD: 2010-2011

**DEPARTMENT/SCHOOL:
ADMINISTRATOR/PRINCIPAL:
DEPARTMENT HEAD/AREA SUPERINTENDENT:**

Grant Services Finance
Jeannie Floyd, Director, Grant Services
Margo Martin, Senior Director, Finance
Scott Fritz, Senior Executive Director, School Support Services
Richard Collins, Chief Financial Officer

Jeannie Floyd

Scott Fritz

Exception Noted What is? What should be?	Management Response What needs to be done?	Responsible Person Who needs to do it?	Outcome Timeline When will the action be completed? What is the evidence of completion?
<p>1. Grants and Special Funds Administration Manual</p> <p>The Grants Manual needs to be updated for new processes and procedures.</p> <p>We recommend that the Department update the manual and document management's approval of the changes</p> <p>Survey results of fund managers indicated that not all had received a copy of the Grants Manual.</p> <p>We recommend that the manual be distributed consistently to all fund managers and that the Department consider documenting the distribution and receipt of the Grants Manual by fund managers.</p>	<p>1. Grant Services, Finance and Procurement are collaborating in the process of replacing the outdated manual with the new <i>Contract and Grants' User Guide</i>. The final document will be approved by the business process owners of each department.</p>	<p>1. Grant Services, Procurement, and Finance managers</p>	<p>1. By July 1, 2012</p> <p>Evidence:</p> <ul style="list-style-type: none"> The manual will be available on each of the three departmental websites The manual will also be made available through an electronic link identified in the Assignment as Fund Manager Form.

<p>2. Assignment as Fund Manager and Authorized Signature Forms</p> <p>The Assignment as Fund Manager Form was not always completed and on file in the Grants Services folder. We also noted that this form was not updated when there was a fund manager change. This form, when signed, documents that the fund manager is aware of and agrees to comply with grant guidelines.</p> <p>The Authorized Signature Form was not always completed and on file in the Fiscal Services folder. This form, when signed, documents the individuals who are authorized to obligate grant funds.</p> <p>We recommend that current procedures be reviewed and revised if necessary to ensure these forms are consistently completed and on file.</p>	<p>2. Within two weeks of a new grant being set up or a fund manager change, the Grant Services compliance manager will meet with the Fund Manager---in person or by phone---and provide them the <i>Assignment as Fund Manager Form</i> and the <i>Authorized Signature Form</i>.</p> <p>The Fund Manager will immediately sign the <i>Assignment as Fund Manager Form</i> and return it to the Grant Services compliance manager. The form will be filed in the project file in Grant Services.</p> <p>Directions will be given to the Fund Manager to return the <i>Authorized Signature Form</i> to Finance. Within 30 days of a new grant being set up or a fund manager change, Finance will follow up with the Fund Manager to ensure they have received the new or revised signed <i>Authorized Signature Form</i>.</p>	<p>2. Grant Services and Finance</p>	<p>2. Immediate implementation Evidence:</p> <ul style="list-style-type: none"> • Forms will be on file in both Grant Services and Finance departments • Finance will maintain its tracking spreadsheet for the <i>Authorized Signature Form</i>
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<p>3. Invoices dated before Purchase Orders</p> <p>Eleven invoices were dated prior to the purchase order date for 6 of the 15 grants reviewed.</p> <p>Management Directive A-5 states in part: “no employee shall obligate the Orange County public school system in any manner without the issuance of a purchase order.”</p> <p>We recommend that Fiscal Services and Procurement Services coordinate their efforts to ensure compliance with Management Directive A-5 and School Board Policy DJB.</p>	<p>3. If an invoice is submitted with a shopping cart, it will be rejected. Finance will ask the requestor to provide a quote. Finance will direct the requestor to review Management Directive A-5 and School Board Policy DJB.</p>	<p>3. Finance and Procurement</p>	<p>3. Immediate implementation Evidence:</p> <ul style="list-style-type: none"> • Maintained in the iBuy system
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<p>4. Final Report was not submitted timely</p> <p>The Final Performance Outcome Report for the State Juvenile Justice Grant was not submitted timely. The report was submitted December 19, 2011, after we requested the status of the report from management. According to the grant agreement, the Annual Report is due on the 15th day following the last day of the grant agreement and the last day of the grant was July 14, 2011.</p> <p>We recommend that current report monitoring procedures be reviewed and corrected, if necessary, to ensure reports are submitted in a timely manner.</p>	<p>4. Grant Services will maintain tracking database to ensure all reports are submitted in timely manner. A copy of all reports will be placed in the project files in Grant Services.</p>	<p>4. Grant Services</p>	<p>4. Immediately – Evidence:</p> <ul style="list-style-type: none"> • Grant Services report tracking database • Reports maintained in files
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<p>5. Services Grant Documentation</p> <p>On July 27, 2010, Grants Services requested and received School Board approval of the acceptance of a \$51,000 grant from the U. S. Green Building Council for energy performance services related to the new construction of Zellwood Elementary.</p> <p>The Grant Services Annual Report for 2010/2011 states that the staff maintains records on all grant applications and awards. After we requested the status of this grant, it was verified with the Facilities Department that the energy performance services are in the process of being received. However, Grant Services management stated that service-type grants are not monitored, nor is documentation maintained for these types of grants.</p> <p>We recommend that the department consider monitoring and maintaining documentation for all grants that are approved by the School Board, including services grants.</p>	<p>5. Grant Services will not prepare resolutions for applications associated with only services or equipment. We will provide technical assistance to the applicant, but will direct the applicant to obtain school board approval through their own department. They will be responsible for compliance and any required programmatic reporting.</p>	<p>5. Grant Services will offer technical assistance only for applications that do not involve grant funding.</p>	<p>5. Effective immediately</p>
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<p>6. SAP Should Be Basis of Grants Database</p> <p>A comparison of Grant Services records with SAP records found one grant that was not in Grants Services database of grants.</p> <p>We recommend that the grants database be either based on SAP, or reconciled to SAP on a regular basis to check for errors or omissions.</p>	<p>6. Grant Services compliance managers will learn to export data from the SAP system to regularly update its grant fund database, minimize manual entry, and reduce possible errors.</p> <p>Grant Services compliance managers will reconcile the Grant Services database with SAP on a quarterly basis to verify accuracy.</p>	<p>6. Grant Services</p>	<p>7. July 1, 2012</p> <p>Evidence:</p> <ul style="list-style-type: none"> • Data exported from SAP • Reconciliation records
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