



## Conducting/Preparing for a Virtual Monitoring Visit

Tiffany Kessler, Esq. & Steven Spillan, Esq.

[tkessler@bruman.com](mailto:tkessler@bruman.com)

[sspillan@bruman.com](mailto:sspillan@bruman.com)

[www.bruman.com](http://www.bruman.com)

**Virtual Spring Forum 2021**  
The Future of the Federal Role in Education:  
Bringing Clarity to Chaos

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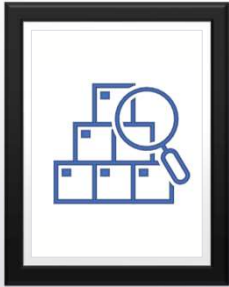
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## Step 1: Identification Areas for Review

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### How to identify areas to review:

- Federal or State Monitoring Instrument
- OMB Compliance Supplement
- Top areas of risk:
  - Prior audit/monitoring findings
  - Especially repeat findings
  - High risk areas of noncompliance

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### OMB Compliance Supplement Compliance Requirements

1. Activities Allowed or Unallowed	7. Period of Performance
2. Allowable Costs/Costs Principles	8. Procurement and Suspension & Debarment
3. Cash Management	9. Program Income
4. Eligibility	10. Reporting
5. Equipment & Real Property Management	11. Subrecipient Monitoring
6. Matching, Level of Effort, Earmarking	12. Special Tests & Provisions



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### Auditor "Red Flags"

- No written policies and procedures
- Lack of controls over computer systems and equipment
- Inadequate financial management systems
- Failure to maintain documentation

ED OIG Presentation (2013)  
<http://pasboerc.org/NewsFUploads/2092S109-Title1ProgramAdmin.pdf>

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### Common LEA Findings

- Personnel costs not allocable to grant
- Non-personnel costs unnecessary (or unreasonable) to carry out the grant or not for program purposes
- Unallowable costs resulting from contracts with missing required elements, lack of approval, or expenditures that exceeded the contract amount
- Poor internal controls over purchase cards and gift cards
- Use of funds for unallowable purposes (personal use, embezzlement, overpaying for goods or services – kickbacks)
- Charging obligations to the wrong grant/contract

ED OIG Presentation (2013) <http://pasboerc.org/NewsFUploads/2092S109-Title1ProgramAdmin.pdf>

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## Step 2: Setting Up the Review

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## Logistics in Conducting a Review

- In-person v. Virtual
  - Designated meeting space
  - Share screens, video conferences, conference lines
- Clear dates and times (correct time zones)
- Clarify expectations
  - Entrance and Exit Conferences – Who is expected to attend
  - Who is permitted in the room during interviews
- How data will be shared
  - Uploaded, copied, etc.

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## Logistics in Preparing for a Review

- Set up Key contacts
- In-person v. Virtual
  - Technology is in place and tested!
- Select employees to attend and respond
  - Clear schedules
  - No guessing or speculation
  - No time to settle grudges or spread gossip
- Prepare for interviews
  - Discuss topics, job descriptions, prior problem areas, etc.
  - Debriefings after meetings, help clarify misunderstandings.

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## Step 3: Review Documentation

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## The Importance of Documentation



REVIEWER CANNOT RECONSTRUCT  
WHAT HAS HAPPENED WITHOUT  
DOCUMENTATION.



AUDITS AND MONITORS ONLY HAVE THE  
DOCUMENTATION TO TELL THE STORY.

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## Documentation Examples

- ✓ Policies & Procedures
- ✓ Job descriptions
- ✓ Organizational chart
- ✓ State/local program plans, school-level plans
- ✓ Examples of processes (procurement, invoices, etc.)
- ✓ Most recent audit/monitoring reports
- ✓ Current or recently completed corrective action plans
- ✓ Specific conditions on federal awards (look at GAN or subsequent correspondence)

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## Documentation Recommendations

- Keep list of all requested documents
- Keep copies of documents shared so everyone is on the same page
- Request verification documentation has been received or uploaded, etc.
- Do not share passwords
- Separate access or screen sharing



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## Distance Learning and Cyber-security

- August & September 2020: 57% of ransomware incidents targeted K-12 schools (v. 28% of attacks Jan- July 2020)
- Joint advisory from DOJ, CISA, & ISAC:  
<https://www.cisa.gov/publication/ransomware-guide>
- PTAC Model for Terms & Services for Online/Virtual providers:  
<https://studentprivacy.ed.gov/resources/protecting-student-privacy-while-using-online-educational-services-model-terms-service>



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## Step 4: Staff Interviews/ Discussions



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## Staff Interviews/Discussions

- Identify relevant staff
  - Program-specific staff (allowability, eligibility, reporting)
  - Contracts office (procurement and suspension & debarment)
  - Warehouse or Receiving Dept. (inventory)
  - Accounting/Fiscal staff (cash mgmt, supplanting, financial mgmt)
- Interview staff on compliance issues
  - Current practices
  - Familiarity with policies & procedures
  - Relevant audit/monitoring findings
  - Status of any corrective actions

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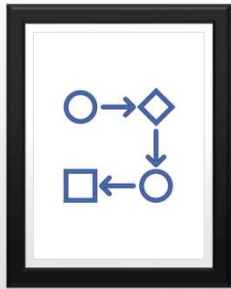
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## Step 5: Test Systems/ Processes

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## How To Test Your Internal Controls

1. Identify significant transactions
  - (purchasing, inventory process, etc.)
2. Document an understanding of internal controls in place
  - Use checklists, flowcharts, narratives or questionnaires to determine the current internal controls
3. Select sample transactions and determine if the sample correctly flows through the internal controls system
4. Note any deviations

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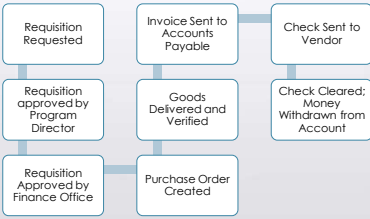
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### Internal Controls Test Example



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### Step 6: Address Findings / Inconsistencies



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### When Making Findings

- Clearly define requirements v. best practices
- Include legal requirements and citations
- Explain factual basis for findings
- Clearly articulate corrective actions and timelines

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### When Responding to Draft Findings

- Make sure drafts are factually accurate
- Do not simply accept findings – especially that are not accurate!
  - Clarify occurrences or explain facts behind decisions
- Get corrective action plans drafted

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### Step 7: Consequences and Corrective Actions

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### Next Steps

- OIG Audit, Single Audit
  - Draft Audit Report
  - Final Audit Report
  - Final determination (ED, State Agency)
- ED can:
  - Accept finding as is
  - Accept finding but reduce or eliminate liability
  - Reject finding
- Respond carefully at each level
  - Problems always easier to resolve at earliest level



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### Specific Conditions 200.208(b)

A Federal awarding agency or pass-through entity *may adjust specific award conditions, as needed*, in accordance with this section, based on an analysis of the following factors:

1. A review of risk;
2. Recipient's history of compliance;
3. Ability to meet expected performance goals; or
4. A responsibility determination of the recipient.

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### Specific Conditions 200.332(c); 200.208(c) (cont.)

Pass-through must consider imposing additional federal award conditions, if appropriate, such as:

- Require reimbursement;
- Withhold funds until evidence of acceptable performance;
- More detailed reporting;
- Additional monitoring;
- Require grantee to obtain technical or management assistance; or
- Establish additional prior approvals.

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### Remedies for Noncompliance 200.339

• If noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments or more severe action;
- Disallow all or part of the cost;
- Wholly or partially suspend or terminate the Federal award;
- Initiate suspension or debarment proceeding;
- Withhold further Federal awards for the project or program.

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