

**Columbus City Schools  
Office of Internal Audit**



**COLUMBUS  
CITY SCHOOLS**

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**Grants Management  
Audit Report**

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**Report Date: August 29, 2019**

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**Executive Summary**

The Columbus City Schools (District) Office of Internal Audit (OIA) has recently completed an audit of the District’s Grant Management process. Our audit focused on evaluating predetermined objectives selected by OIA. This audit consisted of the review and testing of these objectives relevant to the Grants Management process. District-wide management of the grants process is handled by State & Federal Program staff who report to the Office of Budget & Financial Management.

Based on the results of our work during this audit, we found areas where improvements could be made to strengthen the internal control environment and enhancements could be made to current processes to increase the efficiency of the District’s Grants Management process.

During the course of our audit, we made State & Federal Program staff and management aware of our issues, comments and recommendations for improvement. Good discussion took place regarding the recommendations. OIA appreciates the cooperation extended to us and the assistance of all staff we came into contact with as we performed our audit.

The following are OIA issues noted during the review:

**Risk Ratings, defined:**

**1 – High/unacceptable risk requiring immediate corrective action;**

**2 – Moderate/undesirable risk requiring future corrective action;**

**3 – Low/minor risk that management should assess for potential corrective action.**

| Issues  | Risk Rating |   |   |
|---|-------------|---|---|
|   | 1           | 2 | 3 |
| <b>Objective 1:</b> To determine that written business objectives exist for the Grants Management program.  |             |   |   |
| <b>Issue No. 1</b> – The Office of Budget & Financial Management does not have written business objectives, metrics or risk analysis to guide the Grants Management process to determine successes, avoid pitfalls, and enhance its efficiency and effectiveness. | X           |   |   |
| <b>Objective 2:</b> To determine sufficient internal controls are in place and operating as management intends.   |             |   |   |

| Issues  | Risk Rating |   |   |
|---|-------------|---|---|
|   | 1           | 2 | 3 |
| <b>Issue No. 2</b> – Internal controls could be enhanced relating to the Grants Management process.                             |             | X |   |
| <b>Objective 3:</b> To determine the administration of grants is effective and efficient.                                       |             |   |   |
| <b>Issue No. 3</b> – The Grants Management process could benefit from the development of additional written guidance documents. |             |   | X |
| <b>Objective 4:</b> To determine training and communication with grant personnel is sufficient.                                 | No comments |   |   |

**Audit Objectives**

The objectives of the audit were to determine:

- Written business objectives exist for the Grants Management program;
- Sufficient internal controls are in place and operating as management intends;
- Administration of grants is effective and efficient; and
- Training and communication with grant personnel is sufficient.

**Audit Scope**

OIA established the scope of the audit to include a review of basic operational aspects of the grant management process, verification of process requirements, and evaluation of internal control environments as they relate to the noted objectives. Our audit scope was defined as transactions occurring between July 1, 2017 and September 30, 2018. In three instances, transactions from FY17 were included in our testing.

**Methodologies**

To accomplish our stated objectives, OIA performed the following tasks related to those objectives:

- Review of various authoritative literature governing work reviewed (i.e. Relevant Ohio Revised Code & Ohio Administrative Code sections, various federal grant guidance, etc...);
- Review of relevant District policies and procedures;
- Interview the District’s staff as their work related to the areas being audited;
- Observation and documentation of key processes;

- Review of management reports, support documentation, and other relevant information;
- Review of Columbus City Schools' (CCS) Board of Education policies; and
- Review of best practices used by other entities performing similar functions.

## **Background**

The Office of Budget and Financial Management provides budget development and monitoring, budgetary guidance on special projects and fiscal management. The Division of State and Federal programs is one of the areas for which the Office of Budget and Financial Management is responsible.

The duty for the Division of State and Federal programs is to assist in meeting the district mission, vision and goals by helping schools and staff in identifying funding opportunities, develop projects to support educational programs and administers and monitors awarded projects. The goal is to provide technical assistance and leadership in relation to programs and plans funded and/or mandated by the state and federal government programs so that student achievement will increase and requirements for funding guidelines are met as well as local grants awarded.

## **Results of the Financial, Compliance and Performance Audit of the Grant Management Process – Issues and Recommendations:**

### **Issue No. 1 – The Office of Budget & Financial Management does not have written business objectives, metrics or risk analysis to guide the Grants Management process to determine successes, avoid pitfalls, and enhance its efficiency and effectiveness.**

The District's grant management process does not have business objectives (accuracy, completeness, consistency, cost-effectiveness, compliance and timeliness) guiding the tasks that involve grant management functions and activities. Furthermore, there are no metrics compiled by the grant management staff (how much grant funding is awarded to the District this year versus last year, what is the grant funding percentage for each District Department and has this increased or decreased from last year, the number of grants received this year versus last year, etc...) that are routinely obtained to identify successes or how efficient and effective the grant management process is operating. There is no risk analysis to identify areas where problems could occur.

A sound business practice is to establish business objectives, metrics, and risk analysis that correspond to the District goals for the Grants Management process.

## **Recommendations**

1. Written business objectives should be established for the District's Grants Management process that corresponds to the District's goals<sup>1</sup>. These objectives

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<sup>1</sup> Columbus City Schools Goals:

**Goal 1:** Each student reaches the student's full potential; to continue education, serve in the military, go to college, start a business, and enter the workforce as a life-long learner.

should address: accuracy, completeness, consistency, cost-effectiveness, compliance and timeliness.

2. Metrics (i.e. how much grant funding is awarded to the District this year versus last year, what is the grant funding percentage for each District Department and has this increased or decreased from last year, the number of grants received this year versus last year, etc...) should be established to measure the work performed that relates to each business objective. These metrics should be compared to defined benchmarks on a periodic basis (i.e. monthly, quarterly, etc...). This comparison will enable management to identify those business objectives that are meeting the benchmarks and those that need additional work.
3. Risk analysis should be performed for the Grants Management process to identify areas where problems could occur. Once the risks are identified, steps should be taken to minimize the likelihood that this risk will become problematic.

These procedures will help to ensure Management is aware of the successes of the District's Grants Management process, as well as those areas where successes have yet to be achieved.

**Management Responses:**

1. The Division of State and Federal Programs business objectives are stated in the background information for the department. In addition, standard operating procedures/grants manual is being drafted.
2. The Division of State and Federal Programs currently utilizes the MUNIS system for financial reporting by running Year-To-Date Budget reports. In addition, the division is working on web-based programming with other departments/divisions that ties grants that are fiscal and non-fiscal to activities in the district to report more accurately for metrics. Lastly the Division of State and Federal Programs is researching the Grant Master and Grant Manager module in the MUNIS system for utilization as well.
3. The Division of State and Federal Programs has annual reviews for grants by the State Auditors as well as program reviews from the Ohio Department of Education (ODE). State auditor reports are filed annually with the state auditor's office. Annual reviews from ODE are reported in their Compliance System. From these annual reports, the division of State and Federal Programs modifies and changes processes and procedures as needed to minimize any future risk.

**Process Owner:** Andrea Richardson, Director of State & Federal Programs

**Implementation Date:** May 31, 2020

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**Goal 2:** The District creates safe, student-centered, innovative learning environments and recruits, develops, and retains world-class talent.

**Goal 3:** The District is accountable to our communities and customers; confidence in the District is maintained through strategic, responsible and transparent leadership.

**Issue No. 2 – Internal controls could be enhanced relating to the Grants Management process.**

During our audit, we found the following:

- We found 57% (8 of 14) instances where the SFP staff were approving transactions in MUNIS workflow without also having grant personnel or other subject matter experts inserted in the workflow process.
- There should be a master repository that includes all grants of the District. MUNIS has a Grant Master module that could be used for the repository. 38% (6 of 16) of the grants reviewed were recorded in the Grant Master module. Other grants that were reviewed were CCIP grants and that information is maintained on ODE's website.
- One vendor who had two purchase orders in the amounts of \$331,296.00 and \$289,733.06, respectively. These purchase orders were for consultant work regarding technical services to combine databases. The first purchase order was listed as a single source and not bid, the second purchase order was listed as a contract extension. Neither of the purchase orders were bid as required by District purchasing guidelines and Code of Federal Regulations. Approvals were obtained by e-mail, phone, and face-to-face. There was no consistent way approvals were documented. Additionally, the necessary subject matter expert from the District's Office of Technology was not included in the workflow approval process.
- There is no systematic process to receive all grant award letters and/or Program reports including but not limited to audits, site visits and final reports. The latter documents shall be submitted to the Superintendent for review and distribution to the BOE and other appropriate parties per District policy.
- There is quarterly analysis to monitor grant spending throughout the grant cycle. However, when spending variances are identified, there is no contact with grant personnel to determine the cause and identify any solutions to utilize the funds. The period of availability to expend \$2,817,836 lapsed as of September 30, 2018. Three funding sources: School Improvement (\$1,374,118), Public Preschool (\$677,684), and Perkins Vocational Education (\$340,886) made up 85% of the noted lapsed funds. These funds were unable to be utilized by the District.

**Recommendations**

4. The grant program personnel need to have a more prominent role in the Grants Management process. They have applied for the grant and should be responsible for the particulars of the grant (i.e. compliance and reporting) and be inserted in the work flow process to document their engagement.
5. The Grant Master module should be utilized to track all District grants. This one repository will enable District staff to go there and obtain any documents (grant endorsement form, grant award letter, financial and program reports and/or reviews, etc...).

6. Instances of non-compliance or failure to adhere to District policies and/or Federal regulations should be identified by State & Federal Program staff as part of their workflow approvals. This specifically includes, but is not limited to, District policy 6325 – Grant Funds, District Purchasing Requirements, and Code of Federal Regulations (CFR 200.317 - .326). This will help to ensure all District grant fund expenditures are compliant with necessary requirements.
7. District personnel who apply for and are awarded grants should complete a budget and file it with the SFP Director. This budget should be entered into MUNIS and monitored by SFP staff. If the spending seems to have slowed down, inquiries should be made. This analysis will help to identify areas where staff may be able to step in and see the grant program to its completion. Additionally, it will help ensure the District is maximizing its grant funds.

**Management Responses:**

4. The Division of State and Federal Programs, through grant specialists, one budget analyst not assigned directly to the division, and Director, manages grants on behalf of the district, schools, and departments and works with assigned program managers. School based grants have the principal identified as the program manager. Department based grants vary by program manager. The Division works with and communicates with program managers through email, telephone, and face to face on a daily basis. Documentation is only via emails. Steps have been taken to utilize the department code in the MUNIS system so that when there is a change in staffing the program manager identified will change as well. Making this change ensures program managers are in the work flow process in MUNIS. Proper training will be provided once notification of change has been made.
5. The Division of State and Federal Programs has made the request to review the Grants Master and Grants manager module. Upon completion of the review and if determined it is a module with positive capabilities, steps will be taken to transition to the use of the module(s). Training with Tyler Technologies is currently being scheduled.
6. The Division of State and Federal Programs recognizes the district policy 6325 language and is taking the necessary steps to update the policy.
7. The Division of State and Federal Programs receives a budget request to the funder when an application is submitted to the division. Upon notification of award, the division works with the program manager after negotiations of the award to properly establish a budget for the program manager to expend on approved activities from the grant awarded. Currently, grant paperwork is kept in paper files and emails. The Division is working to transition to a paperless system. In addition, monitoring of grants is a task performed by the department, due to low staffing monitoring has been limited. Steps have been taken to backfill a vacant position.

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**Issue No. 3 – The Grants Management process could benefit from the development of additional written guidance documents.**



There are detailed procedures for the Grant Endorsement Form completion, but no additional procedures relating to the Grants Management process. Specifically, no guidance documents to assist those District staff working with grants.

**Recommendation**

8. The Grants Management process can benefit from additional written documents to assist District personnel who are responsible for the administration of individual grants. These documents could include: a written procedure manual, an FAQ document, updates to Federal & State laws and regulations. By providing these documents, along with District policies relating to grants, on the intranet page will enable grant personnel to know their responsibilities, provide District staff with a central repository for grants information, and should reduce the amount of time SFP staff have to field questions from District staff about grants. These procedures will help to increase the effectiveness and efficiency of the Grants Management process.

**Management Response:**

8. The Division of State and Federal Programs has documented process and training provided annually to district staff. The Division recognizes more training is needed and request more training opportunities to address the grants management process.

**Process Owner:** Andrea Richardson, Director of State & Federal Programs

**Implementation Date:** May 31, 2020