



pennsylvania
DEPARTMENT OF EDUCATION

General/Entity Level Standards

Governance and Controls: The Cornerstone of General/Entity Level Standards

Developing and maintaining strong governance and controls at the entity level is key to effective general administration and grants compliance.

Governance and Controls (Cont.)

There are three components to maintaining appropriate governance and controls: Policies, Procedures, and Practices

Policies: Adopted Federal Grants Policies

Procedures: The process of implementation steps

Practices: Actual practice or application of policies and procedures

Introduction to General/Entity Level Standards

What are General/Entity Level Standards?

General/Entity Level Standards can be described as management oversight over policies, procedures, and practices. This includes maintaining a culture of compliance over federal awards, internal control, financial statement reporting guidance, and leading practices.

Who is responsible for implementation?

The Board of Directors is responsible for approving adequate policies, while management is responsible for the day-to-day implementation of such policies. The Business Manager and Federal Programs Coordinator are the designated personnel responsible for proper execution.

Why is it important?

Maintaining a culture of compliance over applicable policies is an important step in keeping federal funding within schools, because doing so reduces exposure to claw back provisions or potential audit findings.

Applicable Federal General/Entity Standards Guidance

2 CFR 200.400-476 highlights the requirements related to governance.

Reference	Title	What You Need to Know
§ 200.400(a)	Policy Guide	The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
§ 200.400(b)	Policy Guide	The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
§ 200.400(c)	Policy Guide	The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
§ 200.400-.476	Cost Principles	The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the Federal award.

Policies

The LEAs' Board of Directors should approve written policies that are understood by management and designated personnel. These should be reviewed and updated regularly, and training given to relevant personnel when needed. Some general Grant Management policies include:

Federal Fiscal Compliance

- Administration of Federal Funds
- Allowability of Costs – Federal Programs
- Procurement – Federal Programs
- Cash Management
- Subrecipient Monitoring Procedures
- Purchases Subject to Bid/Quotation

Purchases Budgeted

- Budget Preparation
- Purchase Cards (PCards)
- Cash Reconciliation
- Bank Accounts

Policies (Cont.)

Grant Mgmt., Compliance, and Administration

- Org Chart
- Cooperative Purchasing
- Travel Reimbursement
- Procurement

Protection of Data and Assets

- Conflict of Interest
- Data Safeguarding
- Records Management
- Data Privacy and Security Protection of Personally Identifiable Information
- Fraud
- Conflict of Interest

Property Records

- Depreciation Schedule
- Inventory Records
- GASB 34
- Capitalized Assets
- Maintenance of Property

Capitalization Policy: Assets and Infrastructure

PDE strongly encourages each LEA to incorporate the following procedures into their capitalization policy:

Recommended Policy Sections

- A formal written policy for the capitalization of assets and infrastructure.
- List of the assets or asset groups.
- A depreciation schedule for any asset capitalized.
- Whether the threshold for capitalizing asset purchases is to be based on individual equipment items or on systems/categories or groups of assets.
- Determine a monetary threshold for capitalization of assets.

Procedures

Board and Senior Management oversight should include a formal approach to documenting procedures. These procedures should follow applicable regulations to maintain compliance across applicable regulatory and other guidance.

Combination of these written policies and practices must allow for consistent administrative operations and should be periodically reviewed and approved.

- Written Processes and Procedures
- Administrative Regulations
- Standard Operating Procedures, Manuals, and Organizational Charts
- Training Guides
- Libraries of Applicable Rules and Regulations
- Mandatory Recurring Trainings
- Assign a Responsible Party for Overseeing Processes

Practices

Practices describe the way things are done in a place of business. They often result from the organizational culture and habits which form over time. Practices can be unique to an LEA, but some important practices are listed below.

- **Documentation Standards:** Establish consistent guidelines for the creation and storage of relevant supporting documentation.
- **Expense Approval Process:** Follow established formal expense approval process and document deviations.
- **Procurement Limit and Oversight:** Establish limits for micro/small purchases, quotations, and formal bid process. If noncompetitive procurement is used, proper justification procedures should be established.
- **Administration Committee Structures:** Designate committees as needed such as budget, ESSER implementation, etc.
- **Compliance with Policies & Procedures:** Establish an organizational culture where personnel is encouraged to do the right thing.
- **Budget/Forecast Planning:** Adopting a budget and comparing deviations monthly, and addressing any deviations are key to providing effective use of grant funding.

Practices (Cont.)

Practices describe the way things are done in a place of business. They often result from the organizational culture and habits which form over time. Practices can be unique to an LEA, but some important practices are listed below.

- **Strategic Planning:** Keep the “big picture” in mind, how does management intend to effectively use funding to accomplish its vision.
- **Management Depth and Succession:** Retain knowledgeable management and have adequate succession plans. (What if Superintendent Jones wins the Lottery).
- **Internal Control Standards:** Maintain appropriate segregation of duties and internal controls to reduce risks and meet operating, reporting, and compliance objectives.
- **Management’s Response to Audit and Monitor Recommendations:** Respond to Audit and Monitor recommendations in a timely manner, this may include a change in procedures.
- **Compliance with Federal and State Grant Regulations and Guidance:** Be aware of the requirements of federal awards at the Federal, State, and Local levels.
- **Personnel Administration:** Recruiting and training personnel activities are important in the development and continuity of staff.

Personally Identifiable Information (PII)

Types of PII:

Name;
Date and Place of Birth;
Mother's Maiden Name;
Biometric Records;
Social Security Numbers (SSN);
Driver's License/State ID Number;
Passport Number;
Medicare ID;
Student Addresses/Healthcare Records/SSN;
Personal Bank Account/Credit Card Numbers;

Properly redacting PII means...

- If your organization has a copy of Adobe Pro, you can use the “Redact” tools found within the program.
- If you are sending digital files, but do not have a copy of Adobe Pro, you will need to remove the data from the file before you PDF it. This may involve deleting columns of information or deselecting items to include in auto-generated reports.
- If you are sharing physical files, you can use Sharpies to black out the information. However, you should hold it up to a light to confirm that the data is redacted. You may need to use the Sharpie on both sides of the paper. If this does not work, you may need to cut out the sections with PII on them.

Personally Identifiable Information (PII) (Cont.)

Redaction is not....

- Using black sharpie to cross out numbers, but they're still legible.
- Covering documents with shapes that are able to be deleted.

Common Observations and How to Address Them

Observation: No PII Policy

Regulatory Guidance: 2 CFR 200.303(e)

Risk: Failure to safeguard Personally Identifiable Information (PII) may result in a weak control environment and could pose potential operational or financial risk to the organization should employees' information be shared inappropriately.

Recommended Action: Formally adopt a policy for safeguarding PII and establish procedures for the same.

Next Steps: Train staff on the importance of safeguarding PII including knowledge of internal policies, procedures and practices. Maintain controls around access and distribution to PII information only to authorized personnel.

Identify what constitutes PII at your district.

Conduct periodic refreshers on PII identification, distribution and access.

Observation: No policy against fraud, waste, and abuse

Regulatory Guidance: 2 CFR 200.303(a)

Risk: Failure to maintain a reporting system for fraud and other improprieties could lead to financial and reputational loss as a result of misuse with grant funding.

Recommended Action: Formally adopt a fraud, waste and abuse policy.

Next Steps: Establish a reporting mechanism where fraud, waste and abuse can be reported.

Take actions to notify stakeholders of the importance of reporting fraud, waste and abuse.

Common Observations and How to Address Them (Cont. 1)

Observation: No grants management policy

Regulatory Guidance: 2 CFR 200.202(a)

Risk: Failure to maintain a regularly updated policies may result in a weak control environment and could pose potential operational or financial risk to the organization.

Recommended Action: Formally adopt a grants management policy.

Next Steps: Develop policies and procedures tailored to govern the administration of the Subrecipient's federal grants. Conduct and attend relevant trainings related to the compliance of federal grants. Designate a formal grants management team that reports directly to the Superintendent.

Observation: PII Sent (with and without Existing Measures)

Regulatory Guidance: 2 CFR 200.303(e)

Risk: Inappropriately disclosing PII to external organizations could pose operational, financial, brand and reputational risk to the Subrecipient.

Recommended Action: Establish controls around access and distribution to PII information only to authorized personnel. AND if documentation containing PII is necessary to provide to a third party, redact the PII before resending the documentation in question.

Next Steps: Take reasonable measures to safeguard protected PII. This includes, but is not limited to, providing training, instating protocol for handling PII, and maintaining a formal policy for protecting PII. A formal PII policy should include, at a minimum, but not limited to: data privacy training; procedures for the collection, storage, use, sharing, and retention of PII; and privacy incident response and reporting. The Subrecipient should also make sure that its staff are made aware of any updates as they are implemented.

Common Observations and How to Address Them (Cont. 2)

Observation: No Prior-Approval Obtained

Regulatory Guidance: 2 CFR 200.439(b)(2)

Risk:

Recommended Action: Immediately gather the necessary required approvals from PDE. If approval is not received, consider removing this cost from grant expenditures.

Next Steps: Obtain prior-written approval from PDE for construction, capital expenditures (including equipment with a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000) buildings, land, travel, and entertainment costs. Please complete the Program and Budget Revision Request (pa.gov).

[PDE Prior Approval Page](#)

General/Entity Level Standards Questions

Question 1

What is the purpose of adopting grant management policies, procedures, and practices?

- a) To “check the box” on compliance.
- b) To establish and maintain sound general administration and grants compliance.
- c) PDE said it was a good idea.
- d) To have a clean audit.

General/Entity Level Standards Questions

Question 2

Which is not one of the three components to maintaining effective governance and controls?

- a) Policies
- b) Procedures
- c) Practices
- d) Curriculum

General/Entity Level Standards Questions

Question 3

Who is responsible for approving School District policies?

- a) The Pennsylvania Department of Education (PDE)
- b) The Pennsylvania School Board Association (PSBA)
- c) The Office of Management and Budget (OMB)
- d) The Office of Inspector General (OIG)
- e) The Board of Directors (BOD)

Contact/Mission

For more information on the (the topic of the presentation) please visit PDE's website at www.education.pa.gov

The mission of the Department of Education is to ensure that every learner has access to a world-class education system that academically prepares children and adults to succeed as productive citizens. Further, the Department seeks to establish a culture that is committed to improving opportunities throughout the commonwealth by ensuring that technical support, resources, and optimal learning environments are available for all students, whether children or adults.