

DEPARTMENT OF EDUCATION

CURRENT AUDIT FINDING AND RECOMMENDATION

Federal Compliance Audit Finding:

Finding No. 2017-011: Lack of Written Policy Over Cash Management

Type of Finding: Noncompliance

CFDA Titles: Child and Adult Care Food Program; Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, and Summer Food Service Program for Children; Title I, Grants to Local Education Agencies; Special Education Cluster (IDEA): Grants to States (IDEA, Part B) and Preschool Grants (IDEA Preschool); Twenty-First Century Community Learning Centers; Improving Teacher Quality State Grants; Grants for State Assessments and Related Activities

CFDA Numbers: 10.558; 10.553, 10.555, 10.556, 10.559; 84.010; 84.027, 84.173; 84.287; 84.367; 84.369

Federal Award Numbers: 173SD507N1050, 173SD310N2020, 16163SD310N2020, 15153SD507N1050, 16163SD310N1099, 173SD310N1099, S010A150041, S010A150041-15A, S010A150041-15B, S010A160041, S010A160041-16A, S010A160041-16B, H027A160091, H027A170091, H173A160091, H173A170091, S287C150042, S287C160042, S367A150039, S367A150039 - 15B, S367A150039 – 15B, S367A160039, S367A160039 - 16A, S367A160039 - 16B, S369A150043, S369A160043, S369A160043-16A

Federal Award Year: 2016, 2017

Federal Agency: Department of Agriculture, Department of Education

Type of Finding: Noncompliance

Category of Finding: Cash Management

Criteria:

The Uniform Administrative Requirements codified at 2 CFR 200 require the recipient of federal funds establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2 CFR 200.303).

The *Standards for Internal Control in the Federal Government* defines effective control systems through the various components and principles; principle 12 defines requirements of control activities in which management should implement control activities through policies.

Condition:

The Department of Education does not have formally documented policies over compliance with federal programs to meet cash management requirements.

Cause:

Formally documented cash management policies that existed in previous years were not able to be provided at the time of our review.

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Effect or Potential Effect:

The lack of written policies may result in staff not having the information relating to cash management compliance requirements necessary to ensure the Department is able to detect and correct noncompliance in a timely manner.

Recommendation:

We recommend that internal controls over cash management be formally documented in the records of the Department.

Views of Responsible Officials:

The Department of Education has reviewed the Finding No. 2017-011 Lack of Written Policy Over Cash Management and concurs with your finding.