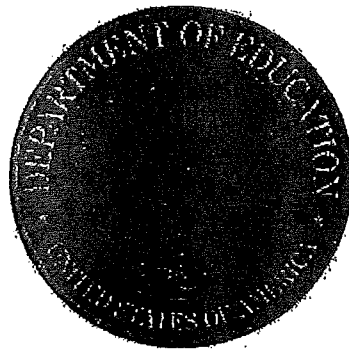


# Site Visits

*Before, During, and After*



Presented by  
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**U.S. DEPARTMENT OF EDUCATION**

Office of Postsecondary Education

Washington, DC 20006-8517

FY 2011 Project Directors' Conference

Washington, DC

# Site Visit Presentation

*Before, During, and After*

## Type of Site Visits:

- a. Performance/Compliance visit – to determine the level of compliance and the quality of the administration and management of a project
- b. Training Visit – to train new program officers in conducting performance/compliance site visit
- c. New Program Visit – to review the plan of operation, expected goals and objectives in relationship to the grant's legislative mission.

## BEFORE THE SITE VISIT

### Setting up the Site Visit

The Site Visit Team Leader will usually contact the project director to initiate contact regarding the site visit. A formal letter will be sent to the president and project director initiating the contact. A confirmation letter and agenda will be sent to the president and project director with the final arrangements.

The Site Visit Team Leader will determine the time period for the review and approve the final agenda prior to the site visit AND

- a. Confirm the dates and time with the university's president, key personnel, and program officer
- b. Confirm the agenda and interview schedule with the university's president, key personnel, and program officer
- c. Request items prior to the site visit
- d. Request your suggestions on hotels and airports

### 1. Items usually requested and reviewed in-advance of the site visit

- a. Map of the campus with the project site meeting location, indicated
- b. Parking arrangements
- c. Organizational chart of the university
- d. Organizational chart of the project indicating staff positions
- e. Contact information for university personnel (email, phone, title, position)
- f. Position descriptions for each employee paid by the grant
- g. Resumes and qualification of employees paid by the grant
- h. An office for the site visit team to use as a work room

### 2. Additional items usually reviewed in-advance of the site visit

- a. The institution's website
- b. Newspaper articles about the institution
- c. The institution's Fact Book
- d. College Catalog
- e. History, purpose, major academic programs, student demographics, and type of students served (i.e., rural, urban, ethnic groups, commuter or residential)

**3. Items that should be available during the site visit**

- a. Inventory of equipment purchased and leased appropriately labeled
- b. List of travel taken during the past year and procedures for the approval of the travel
- c. Copies of information materials produced by the project
- d. Samples of forms and documents used to track activities and services provided
- e. Documentation to support information in the performance reports (interim, annual, and final)
- f. Recent audit reports by ED or other entities

**Entrance Interview**

- Sets the tone for the visit
- Alerts institutional personnel
- A form of courtesy and respect extended to the institution
- Smooths the waters
- Introduces the purpose of the site visit
- Discusses the importance of the administrative support
- Promote a partnership atmosphere

**How to Prepare BEFORE THE SITE VISIT**

**Conduct a mock site visit.**

**Prepare for a site visit as soon as you receive the grant.**

**1. Review Key Documents**

- a) Past and funded applications
- b) Grant Award Notifications
- c) Previous Audit Reports by ED, state agencies, or accrediting bodies
- d) Previous site visit reports
- e) Annual Performance Reports
- f) Correspondence (revisions, technical assistance, major changes (activities, key personnel), requests from the Program Officer, etc.)
- g) Drawdown history

**2. Review Non-Federal Audits**

- a) Financial data
- b) Compliance findings, if any
- c) External audits
- d) Correspondence responding to the audits

**3. Review G5 Data**

- a) Financial data (payments, refunds, changes)
- b) Key personnel information
- c) Correspondence to the Program Officer related to problems with drawdowns i.e., excessive drawdowns

**4. Review the Project's Performance**

- a) History of the project
- b) On-going needs
- c) On-going problems
- d) Monthly drawdown reports
- e) Project statutes by year: as-scheduled/ahead/behind

5. Review the Lines of Authority

- a) Line of authority as stated in the approved proposal, or approved changes?
- b) Is the line of authority working?
- c) If the project director has changed since the inception of the project, was ED approval obtained?
- d) Does the project director report closely as possible to the CEO of the grantee's institution?
- e) Does the project director have sufficient authority to manage the project successfully?

6. Determine if the Sponsored Program Office/ Business Office can address these questions:

- a) Does the Sponsored Program Office/ Business Office have a policy and procedure manual where all requirements and policies are kept in one accessible place?
- b) Does the Sponsored Program Office/ Business Office follow the procedures in the manual for approval?
- c) Has the Sponsored Program Office/ Business Office adequately documented any updates/changes in the approval process?
- d) Is there training or a dissemination procedure for new project directors to understand what the procedures are at the institution?
- e) Does the Sponsored Program Office/ Business Office have a procedure for disseminating updates throughout the institution?
- f) Does the Sponsored Program Office/ Business Office follow the institution's personnel policy, including equal opportunity hiring, and use sound personnel search procedures for all positions?

7. Review the Project Director's Role on the grant

- a) Does the current project director's position description and qualifications match those in the funded application?
- b) Have revisions been approved by ED?
- c) If the project director was not involved in writing the grant, are they familiar with the content of the grant?
- d) Is the project director able to demonstrate familiarity with the legislation and program regulations, EDGAR, the OMB Circulars, the program's performance indicators, and other relevant guidance documents?
- e) Does the project director follow the institution's personnel policy, including equal opportunity hiring, and use sound personnel search procedures for all positions?
- f) Does the project director have supervisory authority over the other staff at the partnering institutions?
- g) Does the project director review the progress of the Activity Directors on regular basis?
- h) Are the activities positively contributing toward the goals and objectives of the grant?
- i) Is money being spent in accordance with what was outlined in the approval proposal?

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- a) Is the project director familiar with the budget?
- b) Does the Project Director have sufficient authority over the budget?

- c) What reports on grant activities and progress does the Project Director provide to their supervisor?
- d) What is the frequency of the reports provided to the Project Director's supervisor?
- e) Who reviews the interim, annual, and final reports submitted to the Department of Education prior to their submission?
- f) Have you properly documented the list of project staff, and the percent of time they spend on project?
- g) Have you properly documented staff added since original proposal including their position descriptions and resumes?
- h) Does the Project certify the time and effort of grant funded personnel?
- i) Do you have copies of the agreements between partners?

**Review the Project Director's Knowledge and Understanding of the Program**

- Explain the purpose of the program
- What the grant accomplished or expects to accomplish with the grant funds
- Know what is allowable and unallowable costs
- Know what are allowable and unallowable activities

**Project Director's Knowledge and Understanding of the Budget**

- Review the approved budgets
- Compare budgets in the ED's grant files with the Institution's grant files
- Discuss any discrepancies
- Examine Changes
  - a) Are they approved under the Expanded Authorities?
  - b) Are the expenditures in-line with the project activities?
  - c) Does the Project Director have sufficient authority over the budget?

8. Review the Activity Director's Role on the grant

- a) Do the current staff member's position description and qualifications match those in the funded application?
- b) Is there sufficient training of activity directors and staff to perform their jobs?
- c) Is the Activity Director carrying out the activities as outlined in the approved proposal?
- d) Is the activity outcome positively contributing toward the goals and objectives of the grant?
- e) How are you making progress towards the project's objectives?
- f) Have you followed the management plan outlined in the approved proposal? If not, what changes have you made
- g) What internal reports to you create?

9. Review the Facilities and Location of the Project

- a) Are all facilities that were promised in the approved proposal provided?
- b) Have changes been approved by ED Program Officers?
- c) Does the project's location facilitate communication and integration with the life of the institution and/or community to enhance program outcomes?

10. Review all Partnerships Agreements

- a) Are specific types of support and activities agreed upon by each partner documented?
- b) Is the support being fully implemented?

11. Matching

- a) Is the institution able to show the computers, software, printers, and etc. that the institution is providing for the project as part of its match?

12. Business Office

- a) Do transactions show the proper approval and documentation and internal control?

### During the Site Visit

- Adhere to the schedule
- Be on-time
- Provide additional requested documents or responses in a timely fashion
- Be prepared to provide explain the institutional background of the institution
- Be polite
- Provide evidence and source documents

Do you have a concise description of the INSTITUTIONAL BACKGROUND?

The INSTITUTIONAL BACKGROUND includes the:

1. History of the institution
2. Institution's main academic programs
3. Unique programs to the institution
4. Academic Programs that are major attractions for students

*Knowing the uniqueness of the school can help others understand why things are done in a particular way, i.e., difficulties caused by uncontrollable situations that are unique to the institution. (Site Visit Team may see things from an objective point of view and bring new understanding to the issue.)*

### ARE YOU ABLE TO RESPOND TO A GRANT PROGRAM REIEW?

1. Can you discuss the purpose of the program and what Congress intended the program to accomplish?
2. Do you know what parts of EDGAR apply to the program in question?
3. Do you know what sections of the OMB circulars apply to the grant program?
4. Expect to be able to explain what the allowable costs are specified in law and in regulations that apply to the grant program?
5. Are you able to explain the non-allowable costs in EDGAR that pertain to the grant program?
6. Are you able to demonstrate how the funds were effectively and efficiently used?

Do you have EVIDENCE TO DEMONSTRATE that the information is correct?  
Do you have EVIDENCE TO DEMONSTRATE that the information consistent?  
If not, what corrective action was taken?  
How well was it documented?

## **Exit Interview**

During the exit interview the Site Visit Team Leader will meet with the university administrators to review their findings. However, they usually provide a summary of their findings and highlight.

Here are some of the areas that the Site Visit Team Leader may discuss:

- a) The type of help that the staff provided: (confrontational, conciliatory, or helpful?)
- b) The staff's willingness to listen to suggestions, if their responses were logically presented their point of view, and any recommendations they may have;
- c) Presentation of findings, required actions needed to comply with each requirement, and recommendations to the administration;
- d) A discussion of any technical assistance provided during the site visit;
- e) A discussion of information from supplemental interviews that were not originally scheduled, used to verify information;
- f) Suggestions and ways to strengthen the project to leverage the grant outcomes for the institution;
- g) Reasons and justifications for the recommendations

## **After the Site Visit**

After the interview, expect to receive a letter detailing the findings, required actions, and recommendations.

You should provide a detailed response by the date provided in the letter.

You will receive a response and feedback accepting or requesting additional information.

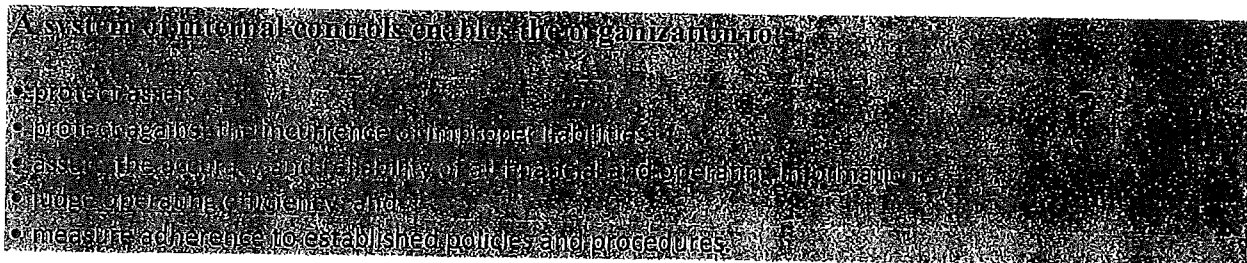
# What are Internal Controls?

For federal grant recipients, internal controls are an entire process or system for checks and balances established to provide a reasonable assurance that:

1. **Projects are conducted effectively and efficiently;**
2. **Transactions are properly recorded and accounted for;**
3. **Transactions are executed in compliance with applicable laws, regulations, and program requirements; and**
4. **Funds, property, and other assets are safeguarded against loss, theft, and misuse.**

**The five components of internal control are:**

1. **Control environment** sets the organization's tone concerning the internal control "consciousness" of the entity and its staff.
2. **Risk assessment** - the entity's identification and analysis of risks that could impact achievement of its objectives;
3. **Control activities** - the policies and procedures that help ensure that management's directives are carried out;
4. **Information and communication** - the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities; and
5. **Monitoring** - a process that assesses the quality of internal control performance over time.





## **How would you rate your internal controls?**

- 1. Does your organizational structure appropriately segregate functional responsibilities?**
- 2. Do you have a system of authorization and recordkeeping procedures that is adequate to provide reasonable accounting control over assets, liabilities, revenues, and expenses?**

Following are a few examples of internal control in this area:

- a. employees handling cash should be bonded (bonding is a protection to the employer, and it serves as a psychological deterrent to the employee);
- b. responsibilities for the handling of cash should involve at least two persons, i.e., accounts receivable and accounts payable should be handled by different people
- c. employees handling cash should be rotated on a job, if possible (reduces the opportunity for fraud); and
- d. vacations for employees in position of trust (e.g. cash handling) should be enforced.

- 3. Are your employees' qualifications commensurate with their assigned responsibilities?**

For example, individuals in charge of accounting and financial operations should have the necessary educational background and experience to properly and effectively meet their responsibilities. If this is not possible, these individuals should receive proper training. Adequate training results in higher performance, reduced costs, and more experienced employees.

- 4. Does your organization have adequate practices and safeguards over the performance of duties and in the functions of each of the organizational departments, offices, and employees?**

Establish departmental personnel responsibilities; installing reporting procedures which measure the performance of each breakdown of responsibility, thereby exposing such measurements to review, cross-check, or criticism. **Examples of internal control in this area are:** -1. written operating instructions for each position (these procedure manuals promote efficiency and prevent misunderstanding); and - 2. clearly established lines of responsibility (this feature allows management to periodically check on progress made or performance based established goals).

## Financial Management Systems

The federal standards for financial management systems are detailed in 2 CFR 215.21 and OMB Circular 102§.20. The standards are fairly similar for local and Indian tribal governments, nonprofits, universities, and profit-makers and concern the following:

1. **Internal Controls.** Recipients and sub-recipients must maintain effective control over and accountability for all funds, property, and other assets. Recipients and sub-recipients are also responsible for adequately safeguarding the assets.
2. **Accounting records and source documentation.** Recipients and sub-recipients must maintain records which adequately identify the source and application of grants funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, income, and interest. Accounting records must be supported by source documentation such as canceled checks, paid invoices, payrolls, time and attendance records, and contract and sub-grant award documents.
3. **Cash management.** Recipients and sub-recipients must follow written procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement for program purposes.
4. **Budget Control.** The financial management systems must be able to compare outlays with budget amounts for each award.
5. **Allowable Costs.** Recipients and sub-recipients should have written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable cost principles, agency regulations, and award terms and conditions.
6. **Financial Reporting.** Recipient/sub-recipient financial management systems must be able to produce accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in the applicable cost principles.

**When reviewing a grantee's financial management system, your Program Officer may:**

1. **Review your general and subsidiary books of accounts to include:**
  - a. General ledger containing all financial data accounts, classified in detail, summarizing all the transactions affecting assets, liabilities, and equity;
  - b. Operating ledger containing all revenue and expense accounts

- c. Project cost ledger containing data by cost element (e.g., labor, materials, equipment, travel) for each project.
  - Note: organizations with a single activity need not have a project cost ledger because all costs incurred are attributed to one project. However, organizations performing under more than one project must have a project cost ledger to segregate and accumulate costs by project.
- d. Cash receipts journal in which all cash receipts of an organization are entered chronologically, indicating the source of funds received.
- e. Cash disbursements journal in which disbursements of an organization are entered chronologically, indicating the purpose for each disposition of funds
- f. Payroll journal in which employees' time charges are recorded and distributed to the appropriate projects and/or functions and in which employee benefits such as vacation time, sick leave, and other time off are tracked.
- g. Income journal in which all income is recorded individually or in groups
- h. Purchases journal in which all purchases on credit for goods and services are recorded
- i. General journal in which transactions not provided for in other journals are recorded

**2. Determine whether the books of account maintained are adequate**

**3. Determine whether the accounting system is capable of calculating and segregating costs on a project by project basis**

-Organizations which administer government projects should have a project cost accounting system. As the name implies, a project cost accounting system accumulates and segregates costs by project. This method of cost accounting provides cumulative information relating to costs incurred by individual projects, promoting efficient management and control of project funds, including properly documented allocation of costs.

**4. Determine whether cost records are controlled by or periodically reconciled with the general books of accounts.**

-Costs recorded in the job cost ledger should tie in with those recorded in the operating ledger and other accounting records.

**5. Determine whether the accounting system provides for a reliable determination of costs.**

-All costs attributed to a project should be supported by adequate documentations, such as invoices and time and effort reports, which indicate the project(s) to which they are allocated.

**6. Determine whether you have engaged outside auditors for a review of financial statements and to provide counsel on financial management matters.**

It is good business policy for an organization to have outside auditors review and evaluate management business practices and the results of operations on a periodic basis. Additionally, outside auditors possess the professional expertise to provide business management services such as installing and improving accounting systems, strengthening internal controls, preparing and filing tax returns, bookkeeping services and auditing services.

**Common financial management problems**

1. Absence of an operational accounting system
2. Absence of a project cost accounting system
3. Absence of written accounting policies and procedures- there are no written policies and procedures; and/or a lack of uniformity in accounting practices exists.

## Personnel Systems

It is good business practice for recipients and sub-recipients to have a personnel department or an individual responsible for implementing and managing the personnel system. **\*Recipients and sub-recipients should also have an employee handbook or personnel manual specifically for federal grant project.**

Issues that should be reviewed	Key to compliance
<p><b>1. Position descriptions. Organizations should maintain descriptions for all jobs.</b></p> <p>Common elements should include: -Title of position; -Description of duties and responsibilities; -Qualifications of position;</p>	<p>There should be an individual personnel file for each employee in the organization.</p>

Issues that should be covered	Keys to compliance
<ul style="list-style-type: none"> <li>-Supervisory relationships;</li> <li>-Skills and knowledge required;</li> <li>-Prior experience required;</li> <li>-Amount of travel and any other special conditions or requirements;</li> <li>-Salary range; and</li> <li>-Hours per day or week</li> </ul>	
<p><b>2. Recruiting and hiring.</b></p> <p>The application and interviewing process should be formalized and consistent. The written procedure should show that the recipient/sub-recipient has considered and follows all legal responsibilities, obligations, and liabilities imposed by federal, state, and local anti-discrimination laws. All employees responsible for recruiting should be trained in this procedure because deviations could result in legal complications.</p> <p>These procedures should also identify the person(s) authorized to negotiate contracts and include the details of any required probationary periods for new hires.</p>	<p>Hiring, dismissal, or change in pay should be authorized by the personnel director or another authorized official of the organization.</p>
<p><b>3. Compensation.</b></p> <p>These scales must be documented and, when applicable, must also include the frequency of evaluations and the relationship between evaluation and promotions to higher levels or grades.</p>	<p>There should be a salary schedule for <i>all</i> employees.</p>
<p><b>4. Fringe Benefits.</b></p> <p>These benefits should be reasonable and consistently applied.</p>	<p>Be alert to unfair compensation practices which may result in inequities and inconsistencies in accounting for personnel.</p>
<p><b>5. Termination.</b></p> <p>This process must be consistently and meticulously followed by the recipient/sub-recipient and must account for any termination requirements imposed by agency regulation or program legislation.</p>	<p>Dismissal and termination proceedings should be the responsibility of and should be approved by the personnel director or other authorized official.</p>
<p><b>6. Consultants</b></p> <p>Desirable features of adequate policies include:</p> <ul style="list-style-type: none"> <li>-evaluation of in-house capability supporting</li> </ul>	<p>The organization should maintain written policies regarding consultants. Policies should distinguish between consultants and in-house employees.</p>

Issues that should be covered	Key to compliance
<p><b>determination of need for services;</b>            -use of a selection process to secure the most qualified individual(s);            -approval of selection of consultants by a senior official; and            -assurance that consultants' fees are appropriate, considering their normal charges and nature of services provided.</p>	
<p><b>7. Time and effort reporting.</b>             There can be controversy regarding the best methods for timekeeping. Nevertheless, the cost principles provide detailed guidance on the requirements for time and effort reporting.            2 CFR 220, App. A ¶ J.10</p>	<p>Differences in budgeted and actual level of effort should be updated when processing payroll.</p>

## Site Visit Interview Form

Date/Time: \_\_\_\_\_

Activity Number: \_\_\_\_\_ Activity Name: \_\_\_\_\_

Person Interviewed:

Title:

Notes:

Concerns:

Legion:

RA- Required Action

R- Recommendation

**Observations:**

**Evidence:**

**Follow-up:**



**Materials Requested/Provided:**

**Additional Notes:**

# Programmatic Site Visit Checklist

## What Are We Looking For on a Site Visit?

### Generally---

- Evidence or documentation that there are adequate "controls" over federal funds
- Evidence that demonstrates the grantee is doing what they said they were going to do in the approved application and revisions
- Evidence that they are achieving the results/goals/objectives that you said you would
- Evidence that the performance report data are accurate and reliable

### We look for---

- A trail from drawdown to purchase order, receipt, and payment
- Documentation of "time and effort"
- Evidence that services have been provided, what kinds, to whom, by whom, where, and when
- An equipment inventory
- Evidence that statutory and regulatory requirements have been met, e.g., matching
- Evidence of an audit trail
- A copy of their recent A-133 Audit

### What Should the Project Director Have on Hand:

- A copy of the approved application and Grant Award Notification (GAN)
- The most recent copy of EDGAR and applicable OMB Circulars
- Written policies and procedures for the drawdown and disbursement of federal funds that avoid excess cash balances
- Written policies and procedures for personnel

STORED IN MORE THAN ONE LOCATION; MORE THAN ONE PERSON FAMILIAR W/ PROJECT

- Evidence of monthly reconciliations of drawdowns, disbursements, payments, and receipts
- Written procedures that assure adequate internal controls (checks and balances), e.g.,

who signs off on what---travel, contracts, major purchases

- Equipment lists and locations
- Lists of all project staff
- Time and Effort sheets for all project staff
- Lists of eligible services or activities

## What Are The 8 Most Frequent Findings?

1. No or inadequate internal controls (approval signature)
2. No or inadequate financial recordkeeping--funds unaccounted for, unable to reconcile their books
3. No or inadequate documentation of client eligibility, services provided, or progress achieved
4. No written procedures for management, finance, or personnel matters
5. Inaccurate performance report data
6. Missing A-133 Audits or substantial findings in them
7. Improper travel---no documentation of purpose, relationship to grant objectives, person traveling
8. No or limited written policies and procedures

### Remember:

- Know what's in the approved application
- Check for the relationship between the project director's ledger and the business office report {*The project director should receive monthly statements .*}

- Review reports data are accurate and reliable.
  1. Read the application thoroughly
    - a) Identify what the grant supposed to accomplish?
    - b) Relationship of legislative allowable activities and the performance measures?
    - c) Identify key players for all grant activities
  2. Review all performance reports
  3. Review all audit reports
  4. Review drawdown/expenditure reports

**Beware of:**

- a) Planned distractions that will get your mind off of your purpose
- b) Getting you to talk more about yourself and the Department

**What the Fiscal/Finance Office Should Have on Hand:**

- Draw down funds regularly and observe the quarterly drawdown requirements.
- Provide a monthly statement to the project director---person actually doing the day-to-day work.
- Evidence that the account has been reconciled with the project director's records on a monthly basis.
- Evidence of procedure in place to accomplish this