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## Fiscal Review Process

Fiscal reviews will be conducted for all Great Start Readiness Program (GSRP) grantees and their subrecipients. All fiscal reviews will be conducted using the Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS). To obtain access to GEMS, each individual must have a Michigan Education Information System (MEIS) number and complete the GEMS security form. For information on either obtaining a MEIS number or the GEMS security form, please contact GSRP staff.

The fiscal review will cover the approved budgets and the final expenditure reports for slot, carryover and transportation allocations, as well as Migrant/Summer and Migrant/Summer transportation allocations, where applicable. The foci of the fiscal reviews are on the following areas: GSRP policies and procedures, Final Expenditure Report verification, payroll expenditures, general expenditures, purchased services, and capital outlay. On average, a three-day fiscal monitoring visit, depending on the size of the program, will be conducted for each grantee. Fiscal reviews also focus on the implementation of the Michigan Public School Accounting Manual and the GSRP Implementation Manual.

### Notification

The MDE auditor will contact each Intermediate School District (ISD) 35-40 days prior to scheduling a fiscal review to determine mutually agreed upon dates. The ISD will receive an email notification from GEMS. The notice will be sent to the ISD superintendent, the business official responsible for GSRP as reported in MEGS+, and the ECC and others as needed or required. The ISD will then have to login to GEMS to receive their primary document list, a list describing the documents required to be uploaded into the system. Primary documents are to be uploaded within two (2) weeks of the date of notification.

### Review

After the MDE auditor reviews the primary documents, the ISD will receive by email a list of secondary documents to be reviewed. These documents will be from the ISD and selected subrecipients. These are to be available at the ISD at the time of the review. The auditor may also go on-site to the subrecipients, if needed, to review these documents.

The required primary documents generally include:

- General Ledger summary and detail;

- Copy of subrecipient contracts;
- GSRP Policies and Procedures;
- List of employees with titles paid with GSRP funds, whether direct ISD or contracted; and
- Chart of Accounts for GSRP only.

This documentation will be reviewed for compliance with the Michigan Public School Accounting Manual and the GSRP Implementation Manual. Any questions, concerns or other documentation needed will typically take place on-site.

The MDE auditor will select samples from the general ledger and Final Expenditure Report (FER) to be reviewed during the on-site visit. These samples will be reviewed for items such as: allowable cost, amount, and date of cost. A list of the samples chosen will be emailed to the ISD to be available during the on-site review. Other documentation may be asked for during the on-site review. Required samples are source documents such as:

- Invoices;
- Receipts;
- Purchase orders and
- Spreadsheets.

### **Fieldwork**

Fieldwork is on-site at the ISD and typically consists of:

- Review of sample items;
- Talking with staff;
- Reviewing procedure manuals;
- Verifying the ISD and subrecipient's business processes;
- Compliance with applicable policies and procedures, laws and regulations; and
- Assessing internal controls.

The auditor may schedule meetings before and after the fiscal review with ISD staff responsible for GSRP, including the ISD superintendent, the ECC and/or ECS, and business officials.

### **Fiscal Monitoring Report**

After the fiscal review is completed, the ISD will receive by email a fiscal review report from GEMS. The report contains a summary of all the focused areas from above, stating if adequate internal controls exist and if there are any findings. If there are findings, the ISD may be required to complete a corrective action plan (CAP).

## **Corrective Action**

If the ISD has any findings on the fiscal review report, a CAP may be necessary. A corrective action is the step(s) an ISD will be required to complete in order to correct any findings. The CAP will require you to develop a plan to correct a problem within a specified time frame, and submit a written response to the MDE auditor. CAPS are usually due within 30 days of the date of the Fiscal Review Report and are completed using GEMS.

## **Follow-Up**

Follow-up is performed on an issue-by-issue basis and typically occurs shortly after the completed corrective action plan is submitted by the ISD. The purpose of the follow-up is to verify that the ISD has implemented the agreed-upon corrective actions. The MDE auditor may interview staff, perform tests, and/or review new procedures to perform the verification. The ISD will then receive a final letter from the MDE auditor indicating whether all findings have been satisfactorily corrected or whether further actions are necessary.

## **Authorizing Regulation for GSRP Fiscal Reviews**

- State School Aid Act, Sections 32d and 39;
- GSRP Implementation Manual;
- Michigan Public School Accounting Manual and the
- Michigan Public School Auditing Manual.

## **Questions for the ISD to Consider**

- Who must be notified when a fiscal review has been scheduled?
- Who must be involved in the fiscal review process?
- Where will the fieldwork be held?
- Who provides the required documentation?
- Where can the documentation be found?