

Series: 2004-05
Circular Letter: C-4

TO: Superintendents of Schools
FROM: Betty J. Sternberg, Commissioner of Education
DATE: November 9, 2004
SUBJECT: **School Construction Grants Audit Documentation Requirements**

In accordance with Connecticut General Statutes Section 10-287(a), audits are required of school construction grants prior to final payment. These audits are coordinated through this Department's Office of Internal Audit in conjunction with the Offices of Grants Analysis, Grants Processing and School Facilities.

The purpose of this transmittal is to provide guidance to school districts concerning documentation requirements associated with these audits. The attached "Audit Documentation and Record Retention Guidelines" should be distributed to appropriate management and financial personnel involved with school construction projects and grants. We recommend that appropriate district personnel, especially fiscal officers and staff, review and maintain these guidelines.

For questions concerning these guidelines or other matters pertaining to the audits of school construction grants, please contact:

Mr. Raymond T. Inzero, CPA, Manager
Office of Internal Audit, Room 234
State Department of Education
165 Capitol Avenue
P.O. Box 2219
Hartford, CT 06145-2219
(860) 713-6540

BJS:rie
Attachment

CC: Town Treasurers
Town Finance Officers

**STATE DEPARTMENT OF EDUCATION
SCHOOL CONSTRUCTION GRANTS
AUDIT DOCUMENTATION AND RECORD RETENTION GUIDELINES**

LIST OF DOCUMENTATION AND RECORDS TO BE MAINTAINED FOR AUDIT PURPOSES

While all project records must be maintained until a State audit has been completed, the following summarizes the major records and documentation that generally will be needed for the audit of a school building project. The items on this list may not be necessary for each audit, nor is this list meant to represent an all inclusive list of records and documentation for audit purposes. The items below should encompass the project period:

1. General Ledger
2. Project Ledger or other subsidiary ledger of project costs
3. Cash Disbursement Journals and Payment Vouchers
4. Municipal audit reports for the project years
5. Detail schedule of project costs
6. Documentation of site or facility acquisition costs (if applicable) including closing statements and land and/or building appraisals.
7. Documentation supporting construction costs including:
 - o Construction contract with bid specifications.
 - o Bidding summaries for contracts, if required.
 - o All change orders and addenda.
 - o Bidding summaries for all change orders, if required.
 - o Contractors' Applications for Payment (Contractor Invoices).
8. Documentation to support "gross floor area" such as blueprints or architect drawings identifying existing and new floor area.
9. Contracts, bidding documents, paid invoices, receiving reports, and other related documentation to support furniture and equipment expenditures.
10. Schedules identifying any ineligible or limited eligible items, including SFU ineligible costs worksheets.
11. Official statements for all bond issues, if applicable.
12. Documentation of local funding authorization, if applicable.
13. Supporting documentation for all derived or prorated amounts.

The above represent a basic list of the documentation that will be required for audit purposes. We would recommend that the district maintain a correspondence file to document any approvals of project costs received from the SDE. Finally, we recommend that the district utilize its copy of the SDE School Construction Grants Manual Part eight, "Project Completion and audit", for reference.

DOCUMENT RETENTION GUIDELINES

The above noted records and documentation, as well as any other documentation associated with the project should be maintained by the district until notified, in writing, by SDE that the project has been audited and records associated with the project are no longer required by SDE or until final payment has been processed by SDE.