



Financial Controls for Title I Funds



The U.S. Department of Education in its upcoming 2007 monitoring cycle of LEAs will review effective financial controls over procurement and disbursement of Title I Funds, which includes:

1. **Purchase Orders** – should indicate that an item or service was authorized prior to purchase
2. **Information on Invoices** – should describe the item or service purchased and its designated purpose
3. **Payment of Invoices** – should ensure that expenditures match agreed – upon charges with purchase orders and vendor contracts
4. **Vendor Contracts** – should document the activity or item being purchased
5. **Equipment Records** – should indicate up to date equipment lists, inventory lists with accurate location information and physical inventory at least once every two years
6. **Procedures to Draw Down Funds** – should have procedures to draw down funds from PDE within the allowed time period (proper completion and submission of Quarterly Reconciliation of Cash on Hand Reports)
7. **Title I Set-Asides** – should show the allocation and distribution of funds from Title I set-asides
8. **Budget Process** – should have financial information that compares actual expenditures to the amounts budgeted
9. **Carryover of Title I Funds** – should have records to show the amount of carryover and use of Title I funds



Types of Controls

Should have three types of controls to ensure compliance:

1. Preventative Controls – Deter risks from being realized (procedures for approvals and authorization)
2. Detective Controls – Identify risks that are realized (monitoring, audits, invoices, disbursements, physical inventories)
3. Corrective Controls – Detect if risk is realized and reacts (automatic procurement systems to stop purchases without request authorization and automatic notification systems to indicate the period for funds is closing)