



STATE OF CONNECTICUT

DEPARTMENT OF EDUCATION



Series: 2007-2008

Circular Letter: C-8

TO: Superintendents of Schools
School Business Managers
Chief Municipal Officers

FROM: Dr. Mark K. McQuillan
Commissioner of Education

DATE: October 23, 2007

**SUBJECT: School Construction Grants
Audit Documentation Requirements**

In accordance with Connecticut General Statutes Sections 10-287(a) and 10-287i, 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 Bureau of Grants Management and the Bureau of School Facilities (BSF).

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:

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Attachment

cc: Karen Flanagan, Director, Division of Legal and Governmental Affairs
Raymond Inzero, Chief, Office of Internal Audit
Brian Mahoney, Chief Financial Officer, Division of Finance and Internal Operations
David Wedge, Chief, Bureau of School Facilities

**STATE DEPARTMENT OF EDUCATION (SDE)
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 the required statutory 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, project ledger or other subsidiary ledger of project costs
2. Cash Disbursement Journals, payment vouchers, paid invoices, contracts, etc.
3. Detail schedule of project costs as reported to the SDE.
4. Audited Financial Statements.
5. Building Committee minutes.
6. Documentation of "Other Funding" associated with the project.
7. Documentation of site or facility acquisition costs (*if applicable*) including closing statements and land and/or building appraisals.
8. Documentation supporting project costs including:
 - Construction contract with bid specifications.
 - Evidence of public bidding (*newspaper invoices or ads*).
 - Bidding summaries for contracts.
 - All change orders and addenda.
 - Contractors' Applications for Payment (*Contractor Invoices*).
 - Subcontractor invoices (*for projects with a Construction Manager*).
9. Projected enrollment data which supports the highest eight-year projected student enrollment figure submitted to the Department.
10. Documentation to support "gross floor area" such as blueprints or architect drawings identifying existing and new floor area.
11. Schedules identifying any ineligible or limited eligible items.
12. Official statements for all bond issues, if applicable.
13. Supporting documentation for all derived or prorated amounts.
14. Correspondence files.

New: Section 25 of Public Act 07-249 provides that contracts for architectural or construction management services executed on or after July 1, 2007, must be awarded to the lowest responsible qualified bidder only after a public invitation to bid. Supporting documentation for audit purposes includes newspaper invoices or ads, bid summaries and other documentation which supports the district's choice of contractor.

DOCUMENT RETENTION GUIDELINES

The above noted records and documentation, as well as any other documentation associated with the project must 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. For further information, please access the **SDE School Construction Grant Procedures, Part Eight, Project Completion and Audit**, contained on the SDE website.