



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General

May 2011

Report #09/10-03A

Baker County School District 21st Century Community Learning Centers Grant

OVERVIEW

The federal 21st Century Community Learning Centers (21st CCLC) initiative provides extended learning opportunities to at-risk students primarily attending schools in low-income areas. In 2010, Florida awarded approximately \$59 million in funding to support 373 centers within 131 programs, resulting in an average grant award of about \$451,000.

Baker County School District (Baker County) is located in a rural area designated as a region of critical economic concern under the *Florida Rural Economic Development Initiative*. Thirty percent of the adult population residing in Baker County held less than a high school diploma, and 45% of the children lived in low-income households according to the 2000 U. S. Census. Baker County was awarded \$224,875 in 21st CCLC grant funding for both fiscal years (FY) 2008-09 and 2009-2010. However, Baker County chose not to accept a reduced award for a third year.

We identified several areas in need of improvement based on the desktop review provided by the 21st CCLC monitoring team and our documentation review and an on-site visit to Baker County. We offer recommendations to the Department of Education (Department) for strengthening the program.

We found that:

- Baker County did not comply with all of the terms and conditions set forth in the 21st CCLC grant agreement;
- Baker County did not have adequate procedures in place to verify that

purchases were allowable and allocable under the 21st CCLC grant; and

- The 21st CCLC Program in Baker County is no longer in operation, yet a considerable amount of property purchased with federal funds remains in use by Baker County High School or in storage on the premises.

To address these findings, we **recommend** that Department management:

- Consider providing additional guidance and support for 21st CCLC programs when there are indications of need, particularly during the first year;
- Consider providing funds to higher risk school district sub-recipients on a reimbursement basis only; and
- Ensure the proper disposition of property no longer in use by sub-grantees.

BACKGROUND

The 21st CCLC Program was created as the only federal funding source dedicated exclusively to after-school programs. The 21st CCLC initiative was originally sanctioned in 1994 under Title X, Part I of the Elementary and Secondary Education Act (ESEA). The passage of the No Child Left Behind (NCLB) legislation under President Bush in 2001 significantly amended the ESEA and transferred administration of the 21st CCLC Program from the federal to the state level. State Education Agencies are awarded funds based on their share of Title I funding for low-income students; and are required to award at least 95 percent of eligible funds to external agencies (e.g. school districts, community-based

organizations, faith-based organizations, etc.) for a period of 3 to 5 years.

The 21st CCLC Program was established to provide a wide range of high-quality out-of-school services specifically focused on helping students meet state and local academic achievement standards in core academic subjects. Services are targeted to low-income students attending low-performing schools, and include both academic enrichment (primarily reading, math, and science) and additional services that reinforce and complement the regular school day (e.g. youth development, drug and violence prevention, counseling, technology education, character education, art, music, and recreation). Programs also bolster communities by offering opportunities for literacy and related educational development to families of active program participants. By law, 21st CCLCs provide services only during non-school hours or periods when school is not in session (including holidays, weekends or summer recess).

FINDINGS AND RECOMMENDATIONS FOR IMPROVEMENT

1. Baker County did not comply with all of the terms and conditions set forth in the 21st CCLC grant agreement.

Programs funded with 21st CCLC grants must meet the following minimum performance standards:

- Serve proposed numbers of targeted student participants;
- Meet proposed levels of program operation; and
- Provide the requisite hours of operation.

21st CCLC sub-grantees must demonstrate sufficient progress toward accomplishing program objectives by submitting semi-annual data to the Department, as well as annual data into the Federal 21st CCLC Profile and Performance Information Collection System (PPICS). Funding levels for 21st CCLC programs are based largely upon proposed daily student attendance levels and hours of operation. 21st CCLC guidelines stipulate that failure to

perform at operational levels as proposed in the approved grant application may result in reduced levels of available funds.

Records obtained from the 21st CCLC program in Baker County indicate that the average number of students in attendance for the month of May 2010 was only 24.35, a figure substantially less than the proposed daily level of 100 students. Summer attendance levels forecasted in the contract indicated that an average of 90 students would be served daily, to include 60 students with disabilities. However, the average attendance for the month of June 2010 was only 39.92 students. End-of-year self-report data submitted to the Department indicated an average daily attendance of 12.0 students during 2008-2009 and 17.4 students during 2009-2010. According to program management, the Baker County Program started late during its first year of operation (December 8, 2008) and reported improved attendance levels during the summer of 2009 (53 students per day). Consequently, the Department decided not to reduce funding for the second year. However, the Department appropriately reduced the maximum award available for Baker County the third year because it fell short of meeting the "80% Threshold" rule for daily attendance in 2009-2010. Given the lower budget ceiling, Baker County elected not to receive funding for the third year.

In terms of program operation, Baker County did not fully comply with the legal and regulatory requirements that are material to Title IV, Part B under NCLB. Section 4201, stipulates that 21st CCLC programs must provide opportunities "to help students ... meet state and local student achievement standards in core academic subjects, such as reading and mathematics." The 21st CCLC grant requires that providers must offer remedial education and academic enrichment, to include a strong reading, mathematics, and science component delivered by certified teachers.

During the months of November 2009 and March 2010, an examination of the Elevation (non-ESE) lesson plans revealed that an insufficient amount of time was spent teaching core competencies. A disproportionate amount of time was devoted to the instruction of art, music, recreation, and entrepreneurial education in the after-school

program. Although a wireless computer lab was made available to students during the after-school session, the extent to which students were utilizing the reading and math software to further remediation in core content areas is unclear. Baker County submitted the Mid-year Summative Evaluation report for 2009-2010 to the Department. One of the program's stated objectives was that 85% of regularly participating students would show academic gains in reading and math, as demonstrated by standardized testing, grades, or teacher feedback. However, Baker County reported that those goals were "not yet achieved" or had realized only "moderate progress."

Additionally, the 21st CCLC grant requires that after-school programs must afford students 12 full hours of impact programming per week. It is apparent that only 1 to 2 hours per day of programming was offered based on documentation provided by Baker County as well as an analysis of daily lesson plans (October 2009-April 2010). It should be noted, however, that Baker County previously submitted data to the Department and the Federal PPICS database indicating that it operated 12.5 hours per week.

The minimum performance standards were not achieved, yet Baker County was awarded \$224,875.00 in 2009-2010, with no reduction in funding following the first year. Baker County expended 100% of the funding each year although performance goals were not realized. Per federal regulations (34 CFR 80.40 (a), "inaccurate estimates in the grant proposal or application may result in the Department denying funding to the sub-grantee that is not able to meet the objectives." As stated previously, the Department decided to maintain funding levels for the second year based on the delayed start of the Baker Program and improved attendance numbers.

Although the Baker County 21st CCLC program did not serve the proposed number of students or operate as approved, the County expended 100% of the funding each year. The final expenditure reports are not due from school districts until nearly two months after the end of the project year. As a result, the Department was not aware of the disproportionate expenditures until November 2009. At that time, the Department initiated the process of

conducting on- and off-site monitoring of the Baker County 21st CCLC program.

According to guidance issued by the Department's 21st CCLC Program Office and federal regulation 34 CFR 80.40 (a), "the program must have sufficient controls written in the contract, and must perform sufficient contract monitoring to ensure contract deliverables are delivered timely, in accordance with the contract, and prior to payment."

Baker County had considerable difficulty in achieving the level of services proposed in the grant agreement. According to the Department's 21st CCLC monitoring, Baker County is "one of the most over-funded programs based on actual operation...spending over \$10,000 per student, instead of the average of about \$750 [per student] across the state." The Department expeditiously responded to Baker County's inability to meet program objectives and proposed operations during its first and second years. The Department significantly augmented the technical assistance and training it provided to the struggling Baker County program during the second year. The Department also required Baker County 21st CCLC administrators and coordinators to attend the annual statewide conference before receipt of the initial award and at the start of the second year. The conference included required attendance at trainings on program oversight, fiscal compliance, and best practices for recruitment and retention of student participants. Ultimately, the Department decided to reduce Baker County's funding from \$224,875 to \$62,500 in the third year when it still struggled to meet its operational goals.

Although the Department provided extensive oversight and monitoring to Baker County in its second year, we **recommend** that the Department provide additional guidance and support for 21st CCLC programs when there are indications that a particular program is experiencing difficulty. According to program management, the problems faced by Baker County are unique among Florida's 21st CCLC programs. The Department may consider providing intensified technical assistance and training beyond the original budget negotiation process, required trainings, and on-site evaluation visits. In addition, more frequent monitoring visits during the first year may help

providers achieve their attendance goals and properly purchase supplies, materials, and equipment.

Department's Desktop Monitoring Report issued for FY 2008-2009.

2. Baker County did not have adequate procedures in place to ensure that all purchases were allowable and allocable under the 21st CCLC grant.

Section 4205 of Title IV, Part B, U. S. Code, states that a sub-grantee may use 21st CCLC funds for enrichment activities that advance student achievement. Funds were disbursed to Baker County as a federal cash advance under the Cash Advance and Reporting of Disbursements System (CARDS). Sub-grantees are required to record expenditures monthly using web-based reporting. Baker County made a number of purchases that cannot be justified and are in direct contradiction with restrictions, conditions, and terms of the grant. We question the legitimacy of certain purchases based on a review of Federal statutory and regulatory requirements, as well as an analysis of the

According to federal cost principles outlined in OMB Circular A-87 (C) (2-3), "to be allowable, a cost must generally be *necessary* and *reasonable* for the proper and efficient performance and administration of the grant award." A cost is deemed reasonable if it "does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost". Furthermore, the "costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs are unallowable" (OMB Circular A-87 Revised, Attachment B (14). The unallowable purchases for 2008-09 as cited by the Department's Monitoring Report totaled \$36,009.44, or 16.0% of the grant award. Several items were identified as unnecessary, unreasonable, or unallowable relative to the number of students receiving benefit from the program. In our opinion, comparable items could have been purchased for considerably less.

Table 1. Table of Unallowable Purchases

Description of Items Purchased (2008-09)	Transaction Amount
Site License for Adobe Design Premium for 500 Workstations	\$8,577.08
Site License for Final Cut Studio & Logic Studio for 500 Workstations	4,999.00
Ryonet silkscreen shop	5,602.81
Varitronics Variquest award maker equipment	4,990.00
Two-section Freezer + shipping	4,369.05
Two-section Refrigerator	3,483.45
Roll Laminator	2,476.89
Wii video gaming system, software, & 32" LCD television	1,054.68
Food items (sodas, candy, pre-packaged foods)	456.48
Total Expenditures for Unallowable Items	\$36,009.44

The allocability of several costs is also questioned. A number of items were purchased and/or received at the end of the grant obligation period which was July 31, 2009. Per federal regulations (34 CFR 76.703), a grantee may use funds only during the designated grant period.

Unobligated funds not spent at the end of one grant period may not be used for subsequent performance periods. Students did not receive tangible benefits from the expenditures. The following items were purchased outside of the period of availability: a freezer and refrigerator

(ordered July 30, 2009, received August 12, 2009); laminator (ordered July 30, 2009, received August 4, 2009).

The Department's Comptroller communicated that his office relies upon 21st CCLC program managers to review sub-recipient expenditures and that it falls specifically within the purview of the program office to determine whether or not program purchases are allowable under federal guidelines. The Comptroller suggested that the Department increase monitoring for small or inexperienced programs like Baker County. However, he underscored the difficulty of more frequent monitoring given the constraints of very limited travel budgets and reduced staffing resources.

Public entities including school districts have more relaxed reporting requirements than do community-based private non-profit organizations resulting from the inherently stronger internal controls of school districts. Although program management generally considers school districts to be "low risk" grantees, Baker County School District displayed risk indications early in the award. Currently, school districts are required to submit deliverables and monthly attendance reports only upon request. Community-based organizations, however, are required to submit deliverables, monthly attendance reports, and student attendance lists each time a request for reimbursement is submitted.

We **recommend** that consideration be given to providing funds to higher risk sub-recipients on a reimbursement basis only. More stringent reporting requirements would help detect problems sooner and signal the Department to strengthen training/consultation efforts. According to 21st CCLC program managers, they have placed high-risk school districts on reimbursement in the past (e.g. Flagler County School District). The Department is taking steps to recover the previously-outlined misspent funds.

3. **The 21st CCLC program in Baker County is no longer in operation, yet a considerable amount of property purchased with federal funds remains in use by Baker County High School or in storage on the premises.**

Much of the property purchased for the program remains in possession of Baker County High School or in storage even after the close-out of the grant. The refrigerator, freezer, and television are currently in the culinary arts classroom. The Variquest equipment, camera, 15 laptop computers, and laminator are housed in the business classroom used to teach an entrepreneurial curriculum. The video gaming systems remain in the storage room at the Baker County Career and Adult Education Center.

According to federal regulations (34 CFR 74.34; 34 CFR 80.32 e), "when a sub-grantee no longer needs the equipment for the original program for which it was purchased, the sub-grantee may use the equipment for other programs that are currently sponsored with federal funds, in the following order of priority: (a) activities sponsored by the Federal awarding agency which funded the original project; and then (b) activities sponsored by other Federal awarding agencies."

The *Guidance Related to the Close-out of 21st CCLC Grants* issued by the Department's 21st CCLC Program Office outlines the policy for handling the disposition of property. At the close-out of a grant, sub-grantees must offer to transfer 21st CCLC equipment and capital outlay items first to other 21st CCLC programs located in the area of the current grant.

Baker County is being required to restore funds to the Department for much of the property in question (e.g. refrigerator/freezer, game systems, etc.) Consistent with actions taken at other school districts, we **recommend** that the Department continue to seek proper disposition of property when a 21st CCLC program is no longer in operation and for remaining items where funds are not restored. If the sub-grantee is no longer using the equipment, the Department should make the property available for use by another 21st CCLC program in accordance with state and federal regulations.

NOTEWORTHY ACCOMPLISHMENTS

Noteworthy practices were identified during our audit, including:

- 1) The Baker County Program built strong partnerships in the community with local

- organizations and had enthusiastic parent involvement of actively participating students.
- 2) The Program emphasized a strong workforce development initiative and encouraged entrepreneurship by allowing students to manage student-run enterprises like Face.Lift, designed to teach valuable skills in developing and sustaining a business.
- 3) The Department's 21st CCLC monitoring process provides a potentially strong internal control.

- Reviewing the Department's 21st CCLC Desktop Monitoring Report of Baker County; and
- Reviewing records obtained from Baker County and the Department.

Baker County was selected for audit based on risk factors including: 1) the school district expending 100% of its funding during FFY 2009 yet meeting only 12% of its attendance goal; and 2) findings revealed during the desktop review provided by the Department's 21st CCLC monitoring process.

OBJECTIVES AND SCOPE

The objectives of this audit were to determine whether:

- The 21st CCLC grant agreement with Baker County was awarded and executed in compliance with controlling laws, administrative rules, policy, and good business practices;
- Baker County delivered services in accordance with the program objectives as stated in the grant agreement; and
- Proper internal controls are in place for monitoring purchases and property management.

The scope of this audit included a programmatic review of Baker County and its contract with DOE for the 2009-2010 school year. Program expenditures were also reviewed for FY 2008-2009.

METHODOLOGY

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. The audit team achieved these audit standards by:

- Conducting an on-site visit to Baker County School District;
- Interviewing the Baker County 21st CCLC project director and staff;
- Researching applicable statutes, rules, guidance, and the Baker County grant agreement;

CLOSING COMMENTS

The Office of the Inspector General would like to acknowledge the Department and the Baker County management and staff for their assistance during the course of this audit. Our fieldwork was facilitated by the collaboration and cooperation provided by all personnel involved. We were impressed by the professionalism demonstrated by both organizations.

FLORIDA DEPARTMENT OF EDUCATION



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May 20, 2011

Ed Jordan
Office of the Inspector General
325 W. Gaines Street, Suite
Tallahassee, FL 32399

Dear Ed:

Thank you for the opportunity to review and respond to your Audit of the Baker County School District 21st Century Community Learning Centers Grant dated April, 2011.

We would like to thank the audit staff for working with the 21st CCLC program office throughout the process. We believe that as a result of your audit recommendations, enhancements made in processes and procedures will result in a more highly effective and efficient delivery of products and services to our stakeholders.

Enclosed is a response to each audit recommendation.

Sincerely,

Frances Haithcock

Enclosure

Baker County 21st CCLC Audit Findings Responses

Response to recommendation related to Finding #1: Consider providing additional guidance and support for 21st CCLC programs when there are indications of need, particularly during the first year.

We agree that additional guidance and support for first year programs, when there are indications of need, will benefit programs and improve the services to students and families. In addition to the Office of Grants and Procurement Management Services and the Director of Audit Resolution and Monitoring providing grants fiscal management training, an additional mandatory training has been added as a requirement for first year sub-grantees.

The 2011 Florida Afterschool Conference on October 3-7, 2011 in Orlando, Florida

- **October 3, 2011** - Mandatory Training for All Finance and Project Directors conducted the Department of Financial Services.
- **October 4, 2011** – Mandatory 21st CCLC Program Training for Project Directors and/or Coordinators conducted by Comptroller Office and Program Office.
- **October 5-7, 2011** – 2011 Florida Afterschool Conference for all afterschool providers conducted by Florida AfterSchool Alliance and 21st Century Community Learning Centers.

Response to recommendation related to Finding #2: Consider providing funds to higher risk school district sub-recipients on a reimbursement basis only.

The Bureau of Family and Community Outreach agrees that providing funds through reimbursement payment status to sub-recipients struggling to meet their goals could provide additional assurance that federal funds are utilized effectively. Consideration for this designation will be discussed jointly between the Office of Grants Management and the 21st CCLC Program office after the sub-grantee has been provided appropriate trainings and technical assistance.

Response to recommendation related to Finding #3: Ensure the proper disposition of property no longer in use by sub-grantees.

In addition to current closeout grant procedures, the Bureau of Family and Community Outreach will require 21st CCLC sub-grantees to submit final reports upon the expiration or termination of a grant. Reports will address program performance, financial reports, inventory and disposition of equipment, record retention and/or additional elements requested by the Department.