Office of Inspector General - Management Review of Grant Monitoring Practices

Overview

During our review of grant monitoring practices, we identified noteworthy practices that can be considered by other programs. We also identified areas for improvement and made recommendations to Department management for strengthening grant monitoring practices.

We recommended that:

- Comprehensive fiscal review activities be performed during onsite monitoring visits to the greatest extent possible.

- Management consider increasing onsite monitoring coverage in larger grant programs and establishing formal monitoring for smaller grant programs.

- Monitoring systems and processes be formalized in approved written procedures that address specific areas.

- Management continue efforts to address untimely submission of improvement plans by recipients.

- The Office of Federal Programs consider performing an annual risk assessment of all grant recipients to better focus monitoring efforts.

Objectives and Scope

The objectives of this review were to document grant monitoring practices for selected grants, evaluate the sufficiency and effectiveness of controls in place, and note best practices that can be shared among program areas. The scope of the review included analysis of monitoring activities for grant awards selected from the 2007-08 award cycle as recorded in the Department's Grants Management System database, plus activities occurring after that period as to improvements in monitoring and administration processes.

Background

As a recipient of federal awards, the Department of Education (DOE) subgrants funds to school districts and other subrecipients and is required by law to monitor those subrecipients' use of the funds. Monitoring is a broad requirement that extends to every program, function or activity. Federal law does not specify how a recipient must monitor its subrecipients. Thus, the Department has flexibility in designing its monitoring systems, but must assure compliance with applicable federal requirements and achievement of performance goals.

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Florida Department of Education

U.S. Department of Education (USDE) Office of Inspector General (OIG) reports, monitoring reports and other documents reveal the USDE's expectations regarding monitoring activities. In general, USDE expects monitoring systems to be risk-based, formalized and based on a combination of desk reviews, onsite visits, and other mechanisms for reviewing subrecipient activities.

Whether grants are funded by federal or state funds, effective monitoring assists in identifying and reducing fiscal or program risks as early as possible, thus protecting both public funds and ensuring the delivery of required services. Effective monitoring is viewed as a planned, periodic, and ongoing activity to determine compliance by the funded entity with the agreement terms and conditions and applicable laws and regulations. It should further determine or confirm that all required activities are being or have been performed, deliverables have been completed, and funds have been accounted for and used appropriately.

A significant limitation on the level of monitoring performed relates to the lack of personnel resources that are dedicated to monitoring efforts. Generally, state funded grant programs do not include administrative set aside funds that could be used for monitoring activities. Though state level funds are often available as set asides in federal programs, staff have not been hired as legislative approval for new positions is limited. In some instances, recruiting of qualified staff was hindered by the lower salaries paid in state government. This situation has led to stretching current Department staff or outsourcing monitoring tasks to entities such as state universities, where possible.

The federal government has placed greater emphasis on monitoring in recent years as it heightens enforcement efforts following passage of the No Child Left Behind (NCLB) Act. The USDE's expectations for state and local compliance have increased with emphasis beyond mere compliance and enforcement of NCLB programmatic issues. Recent monitoring by USDE has increased scrutiny of compliance with fiscal rules including attention to procurement, property management, cash management and internal controls. Greater emphasis is being placed on funding agencies to increase effectiveness of their monitoring by making findings of noncompliance, imposing corrective actions and following-up to ensure appropriate corrective actions have actually been taken.

The volume of grants awarded during fiscal year (FY) 2007-08 totaled approximately $2 billion and included over 2,500 grant projects (Exhibit 1). Approximately 91% or $1.8 billion in grant awards involved federal dollars. State funded grants represent approximately 9% of grant awards, or $185 million. Most grants (76%) were for entitlement projects where over $1.5 billion was awarded. Discretionary noncompetitive grants represented 18% of total funds or $358 million. Most funding was awarded to school districts.

Methodology

We reviewed federal and state statutes and regulations, state reference guides, and internal policies and procedures. Data on grant awards was obtained from the Grants Management System database for the 2007-2008 award cycle. State and federal grant programs with total awards of $5 million and above were selected for review. A Web-based survey was sent to DOE program contacts to gather

Exhibit 1
Volume of Grant Awards Funding and Project Type, FY 2007-08

Funding Type	Project Type	Project Amount	Percent by Funding Type	Percent by Project Type	Percent Federal - State
Federal	Discretionary Competitive	69,728,245	4%	4%	
	Discretionary Non-Competitive	253,640,055	14%	13%	
	Entitlement	1,473,572,839	82%	74%	
Federal Total		1,796,941,139	100%		91%
State	Discretionary Competitive	28,760,009	16%	1%	
	Discretionary Non-Competitive	104,356,309	57%	5%	
	Entitlement	37,426,779	20%	2%	
	Special Projects	13,997,412	8%	1%	
State Total		184,540,509	100%		9%
Grand Total		1,981,481,648			100%

Source: OIG analysis of Grants Management System data for Fiscal Year 2007-08

information on grant monitoring activities being performed. Survey responses were used to describe grants, identify monitoring practices, and provide other information. For grant programs with higher award amounts, we met with program contacts to clarify our understanding of monitoring practices described in survey responses. We further documented grant monitoring practices and evaluated them for sufficiency and effectiveness of key management controls.

Criteria for Evaluating Monitoring Activities

Various federal and state laws and regulations were reviewed to identify requirements for the Department (as grantee) to monitor the activities of grant recipients to assure compliance with applicable requirements and achievement of performance goals. Written DOE internal operating procedures (where available) also were considered as criteria for our review.

We concluded that Department activities that ensure grant funds are used, and programs are operated, in accordance with applicable federal and state statutes, rules, and regulations should include the following:

1) Written policies and procedures to guide and document monitoring activities;

2 A risk-based approach to prioritize monitoring activities in larger grant programs;

3) Formal monitoring activities occurring on an established basis providing timely coverage of recipients through onsite visits, desk reviews or other means;

4) Evaluating compliance with applicable federal and state requirements (programmatic and fiscal);

5) Issuing written monitoring reports; and

6) A formal process to verify timely implementation of required corrective actions.

Activities Commonly Used to Monitor Grants

Grant monitoring is an involved, interactive, and proactive process that can include many activities, not just onsite monitoring visits to grant recipient locations. Survey responses

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from program contacts indicated a variety of methods are used to monitor grants. These included: review and approval of project application documents; regular contact with recipient program staff; review of grant recipient reporting; and technical assistance visits.

Monitoring Activities in Place for Grant Programs Reviewed

We noted that federally funded grant programs with large total grant awards (over $20 million) use more structured (formal) monitoring activities (Exhibit 2). Smaller grant awards were primarily funded using state dollars and relied upon less formal monitoring activities. A chart, included as Attachment 1, lists information on monitoring practices for programs we reviewed. In addition to grant award descriptions, summary information is included on aspects of formal monitoring activities performed. Presented below are descriptions of monitoring activities performed for five of the Department's largest grant programs.

1. NCLB Program Grants

Grant recipients complete annual self-evaluations using compliance review forms designed by DOE staff to address program requirements. Local education agencies (primarily school districts) are grouped in a five-year rotation cycle based on geographic location and size. Risk factors are used to assess districts (scheduled in the current year) for formal monitoring consideration.

Selected recipients receive either desktop or onsite monitoring by program staff members. Onsite monitoring includes visits to selected districts and schools as deemed appropriate (based on risk assessment rankings). Seven onsite monitoring visits were performed during FY 2007-2008; eight have been performed to date in the current fiscal year (2008-09). A similar number of districts received desktop monitoring during each of these years.

Preliminary and final reports are issued based on onsite and desktop monitoring results. System improvement plans are submitted by recipients and approved and tracked by DOE

program staff to ensure actions are taken to resolve deficiencies.

2. Individuals with Disabilities Education Act (IDEA) Program Grants

An automated system is used by grant recipients who annually self-assess their performance based on evaluation and reporting protocols established by DOE staff. The web-based reporting system (developed in FY 2007-2008) was designed to identify and correct recipient noncompliance with IDEA educational requirements.

Preliminary reports are issued when grant recipients (school districts) submit self-assessment results. Program staff members validate accuracy of reported results for a sample of recipients by replicating reported information based on documentation submitted by school districts. Findings resulting from the self-assessment, validation, and verification processes are included in a final report for each school district. Corrective action plans are developed to address findings noted and are incorporated into existing action plans for each grant recipient. Onsite grant monitoring activities were characterized as "in transition" earlier in the current fiscal year. Two onsite monitoring visits have been performed as of October 2008 and seven more are planned before the end of the current fiscal year.

3. Workforce Education Program Grants

A risk assessment of all grant recipients is conducted annually. Based on the risk assessment, recipients are ranked into tiers with lower performing recipients designated to receive onsite monitoring visits.

Though onsite visits were suspended during FY 2007-2008 to hire a new director and redefine the monitoring system used, 11 recipients have been scheduled to receive onsite monitoring during FY 2008-09. Monitoring visits include interviews, observations, and records reviews. Monitoring reports are issued as onsite visits are performed. System improvement plans and corrective action plans are used to track implementation of required follow-up activities.

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4. 21st Century Community Learning Centers Program Grants

Grant recipients complete annual self-evaluations using forms designed to address program requirements. Selection of recipients for onsite monitoring is based on risk factors noted by program evaluation and technical assistance units that encounter recipients as they are awarded funding. Selected recipients receive either desktop or onsite monitoring by program and consultant staff members. Onsite monitoring includes visits to selected schools.

Six onsite monitoring visits were performed during FY 2007-2008 by a Policy and Compliance Unit. Grant recipients are also evaluated by a Program Evaluation Unit. Preliminary and final reports are issued and monitored recipients submit corrective action plans. A Policy and Compliance unit follows up to ensure compliance and final resolution letters are issued to recipients when corrective action plans are fully implemented.

A state university, funded through an annual grant, provides resources and support for grant administration. Units are formed for program evaluation, technical assistance, and policy and compliance, under the direction of the DOE program office.

5. Reading First Program Grants

Performance data is reviewed annually by program staff to identify schools not meeting core reading achievement goals stated in the grant. School districts are then required to submit a District Support Plan for schools identified by the state as not meeting goals. Program staff members review and approve the plans. Of the schools identified, lower performing schools are selected for monitoring that involves a full-day site visit consisting of classroom observation, teacher and administrative team interviews, and district staff interviews.

During FY 2007-08, 51 schools received onsite visits. Letters sent to school district superintendents describe onsite visit observations and make specific recommendations and/or requirements.

Reading First Professional Development at the University of Central Florida provides onsite support with implementing the recommendations and/or requirements throughout the school year. Mid-year District Support Plans status reports are required. Program staff may revisit selected schools in need of more support as deemed necessary.

Two state universities are funded through grants to assist the Reading First Program. One university provides onsite professional development to all Reading First schools and another university provides staff assistance with annual onsite monitoring activities.

Exhibit 2
Grant Programs Over $5 Million by Funding Type and Award Amount

Program Name	Funding Type	Award Amount	Percent of Total
IDEA, Part B & Part B Preschool	Federal	606,841,661	31%
Title I, Part A, Ed of Disadvantaged Children & Youth	Federal	539,907,991	27%
Title II, Teacher & Principal Training & Recruiting	Federal	135,975,074	7%
Title I, School Choice Transportation & Supp Ed Services	Federal	106,328,524	5%
Carl Perkins, Career & Tech Ed	Federal	67,029,281	3%
Reading First	Federal	52,126,584	3%
21st Century Community Learning Centers	Federal	50,617,827	3%
Adult Ed & Family Literacy	Federal	43,682,205	2%
Title III, Part A, English Language Acquisition	Federal	37,606,121	2%
SUCCEED, FL	State	27,989,356	1%
Title I, Part C, Migrant Education Program	Federal	21,719,391	1%
Florida Diagnostic and Learning Resources System	Fed/State	20,761,205	1%
Adults With Disabilities (DVR)	State	17,084,696	1%
Title IV, Part A, Safe and Drug-Free Schools	Federal	13,377,919	1%
Title I, Part D, Delinquent Programs	Federal	12,450,585	1%
Title II, Part D, Enhancing Education Through Technology	Federal	12,117,029	1%
University of Miami	State	9,352,309	<1%
Florida Community Service Grants	State	8,356,828	<1%
Center for Autism and Related Disabilities Program	State	7,217,275	<1%
Florida Literacy & Reading Excellence Center	State	6,291,744	<1%
Nova Southeastern University	State	6,237,834	<1%
Math & Science Partnership-Solutions for Florida's Future	Federal	5,900,000	<1%
Title V, Innovative Programs	Federal	5,230,992	<1%
Florida Inclusion Network	Federal	5,000,000	<1%
Programs funded less than $5M	Fed/State	162,279,218	8%
Total		1,981,481,648	100%

Source: OIG analysis of Grants Management System data for Fiscal Year 2007-08.
Note: Grant award amounts listed in this exhibit may not reflect all adjustments made during the fiscal year.

Grant Programs Using Less Formal Monitoring

Smaller grant programs (those received annual awards ranging between $5 million and $20 million) were funded primarily with state dollars. Grant recipients included state and private universities, community colleges and school districts. The majority of funds were awarded for projects that addressed specific initiatives, such as exceptional student education, enhancement of skills for adults and senior citizens, medical research and tuition assistance at private universities, and professional development for reading teachers and coaches.

DOE employees assigned to grant programs provided survey responses to questions regarding monitoring activities performed. Several indicated that they reviewed performance reports submitted by grant recipients, usually on a quarterly basis. Other activities included approval of quarterly invoices, periodic attendance at meetings and regular contact with grant recipient staff members. Structured monitoring activities, like onsite monitoring, were not performed.

Previous Findings on Department Monitoring of Grants

We reviewed previous audit and monitoring reports which addressed Department grant monitoring practices. The evaluations were performed by agencies that included Florida's Office of the Auditor General, Florida's Office of Program Policy Analysis and Government Accountability, and the Federal Department of Education and reports issued from 2005 to 2008. Report findings related primarily to the lack of onsite monitoring of recipients and untimely reporting of monitoring results to grant recipients following monitoring visits by DOE program staff. One report included comments on the need to improve efforts to implement a more risk-based monitoring approach. USDE monitoring of NCLB Title I programs had findings regarding the Department's ability to ensure that areas of recipient noncompliance were identified and corrected in a timely manner.

Reliance on External Audit Fiscal Oversight of Education Agencies

Most Department staff members we spoke to recognize the need for fiscal monitoring of grant recipients. However, a significant degree of reliance is placed on fiscal oversight provided through audit activities performed by the Office of the Auditor General (OAG) and CPA firms under the Federal Office of Management and Budget (OMB) Circular A-133, commonly referenced as the Federal Single Audit Act.

The OAG is required, by statute, to annually conduct financial audits of district school boards in counties with populations less than 150,000; for larger counties, it conducts audits once every three years. During the years when the OAG does not audit, district school boards must contract with a private accounting firm to perform these audits.

Department staff provided us with a memorandum, dated June 1994, from a USDE attorney in response to a DOE request that Circular A-128 audit activity (superseded by Circular A-133) substitute for onsite fiscal monitoring of federally funded grants. The response agreed that onsite fiscal monitoring, at that time performed by the DOE Office of the Comptroller, could be reduced based on audit activity performed as part of Single Audit Act compliance.

The Office of Inspector General believes that, while some limited audit and oversight coverage is provided by the single audit compliance engagements, such audits cannot be relied upon to replace effective monitoring of grant recipients. OAG audit scope and concept has changed since 1994, when the referenced memorandum was issued. For example, in 1994 federal awards audit coverage included review of non-major federal programs, whereas today, only major federal programs are reviewed.

Although independent audits are conducted to determine federal program compliance, the Department is responsible, pursuant to the OMB Circular A-133 Compliance Supplement, for performing grant recipient monitoring procedures. These procedures should occur throughout the year and may include reviewing financial and performance reports submitted by the recipient, performing site visits to review financial and programmatic records and observe operations, regular contacts with the subrecipients, and appropriate inquiries concerning program activities.

Noteworthy Practices

Numerous noteworthy practices were identified during our review. Descriptions of several are included below.

1) The Office of Financial Programs, which coordinates monitoring activities performed for NCLB programs, trained and used school district staff to assist as peer monitors. This practice can mitigate the impact of limited positions available for onsite monitoring of grant recipients.

2) The Reading First program conducts site visits of exemplary schools where they observe best practices and model classrooms to develop key factors of success that are then communicated to all K-12 schools through subsequent professional development and technical assistance.

3) The 21st Century Community Learning Centers program uses recipient self-assessments and onsite evaluation reports (prepared by grant funded program evaluation staff) to detect potential problems with recipients' abilities to comply with program requirements. Focused technical assistance is then provided to assist recipients. If problems persist, information is given to policy and compliance unit staff members who schedule formal monitoring.

4) The Division of Workforce Education performs an annual risk assessment of all grant recipients. The assessment focuses on operational risk factors to rank grant recipients and is used as the primary means by which monitoring strategies are determined. Results of the process are used to rank recipients into tiers with lower performing providers designated to receive onsite visits.

5) Onsite monitoring visits by program staff from the Division of Workforce Education include fiscal accountability reviews of grant recipients. Protocols included in the Division's procedures manuals focus on compliance of key systems needed by recipients to ensure the proper expenditure of and accounting for federal funds (financial management, procurement and inventory management systems). Grant recipient documentation to support the proper expenditure of funds is subject to review during onsite monitoring visits.

Recommendations for Improving Monitoring Practices

In reviewing monitoring activities in place for the programs selected, we noted findings similar to those reported in past audit and monitoring reports. The primary focus in this review was to document monitoring practices being utilized and assess effectiveness of key management controls. We noted the following conditions and provide recommendations to Department management for strengthening grant monitoring practices.

1. Fiscal monitoring should be improved.

Major federally funded grant programs under the Division of Workforce Education and 21st Century Community Learning Centers included review of fiscal management aspects in the onsite monitoring process. Per the 2008-09 Grant Work Papers (templates used in compliance monitoring), a majority of the NCLB programs included a budget section that usually involved a review of budget and expenditure reports to assess programmatic use of funds, budgetary controls, and sample expenditures for selected grant recipients.

Comprehensive monitoring should focus on such fiscal management aspects as appropriate and allowable use of funds, the sufficiency of fiscal controls and accounting procedures to adequately document expenditures, and effectiveness of internal controls to help in achieving the results of the grant and safeguard the integrity of the program.

In discussions with program contacts regarding how fiscal monitoring requirements are satisfied, references were often made to budget review activities performed during the application review process. The primary tasks involved in this process relate to determinations of whether required budget forms are submitted, whether mathematical calculations are accurate, and whether budgets and narratives are consistent with program requirements.

Program contacts also made references to required Project Disbursement Reports (DOE Form 399) submitted annually by grant recipients following the expiration of annual grants. These reports include a summary of disbursements classified by function and object code. They provide an after-the-fact comparison of budgeted expenditures to actual disbursements, but do not provide sufficient information for an effective fiscal review.

We noted that most onsite monitoring is currently performed by DOE program staff. These employees may not possess sufficient background or expertise to evaluate the effectiveness of recipient fiscal, accounting, and management controls.

The activities noted above, while important, should not substitute for verification of fiscal

program aspects of grants as a regular part of onsite and desktop monitoring efforts. **We recommend** comprehensive fiscal review activities be performed during onsite monitoring visits to the greatest extent practicable. Management actions should include identifying and using Department staff with the necessary expertise. Existing program staff could be trained on how to perform fiscal monitoring activities. Outsourcing of fiscal monitoring activities may be another option for improving fiscal monitoring efforts.

2. Increasing onsite monitoring coverage would provide increased assurance of recipient compliance with grant requirements and improve accountability.

Larger grant programs performed monitoring activities that included limited onsite monitoring coverage. Smaller programs relied on other practices that did not include onsite monitoring visits.

In FY 2007-2008, for example, eight onsite monitoring visits were performed for NCLB federal programs, a number representing approximately 12 percent of the agencies awarded annual funding. The 21st Century Community Learning Centers performed six onsite visits representing a similar percentage. The Division of Workforce Education did not perform onsite monitoring during FY 2007-2008, but has since implemented a revised monitoring process that includes planned onsite monitoring visits to 12 grant recipients. This monitoring coverage of grant recipients also is approximately 12 percent. Leadership responsible for IDEA grants recently developed a process to identify recipients for onsite monitoring. Two onsite visits have been performed during the current fiscal year and additional visits are planned before year end. Smaller programs included in our review did not perform structured monitoring.

To strengthen monitoring practices, **we recommend** program management consider increasing onsite monitoring coverage in grant programs that currently have formal monitoring. **We also recommend** formal monitoring, including onsite monitoring, be performed for

smaller grant programs. To ensure accountability, smaller grant programs should have a written plan that documents the monitoring strategy to be used to provide sufficient oversight of grant activities. The plan could include a schedule of specific monitoring tasks to review and verify grant requirements with a clear description of how the activities would be performed.

3. Written monitoring procedures should be formalized.

Most grant programs reviewed had not prepared sufficient written monitoring procedures. Two of the larger program areas performing formal monitoring have manuals with monitoring policies and procedures (Workforce Education and 21st Century Community Learning Centers). Reading First program staff commented they had written procedures, but these are not organized into a formal approved manual. A comprehensive manual is available for IDEA's annual District self-assessment process. IDEA monitoring staff reportedly have general written procedures for on-site monitoring, although they are not compiled into a manual. NCLB grant programs use slide presentations, technical assistance papers, or informal narrative descriptions, but no comprehensive reference document that addressed aspects of core monitoring activities. Programs that do not perform formal monitoring have no written monitoring procedures.

Adequately detailed written procedures help ensure office activities are performed in accordance with management's directives; provide a basis for evaluating staff performance; and serve as a training tool for new staff. Written procedures can give Department management greater assurance that its directives will be performed and can assist grant recipients in better understanding their roles and responsibilities.

We recommend monitoring systems and processes be formalized in approved written procedures that address such areas as: the process used for identification of high-risk recipients; data collection instruments (interview guides, document review checklists, sample letters, etc.); methods used for tracking interim

monitoring activities (e.g., schedules of visits, report issue dates, responses, etc.); a description of report processing activities including sample monitoring reports; and an explanation of the process for following up and verifying implementation of required corrective actions. Written procedures should be sufficiently detailed to guide staff in performing monitoring activities that help ensure grant recipients comply with applicable federal or state requirements and achieve established performance goals. The procedures could also be distributed to grant recipients.

4. Steps have been taken to improve NCLB monitoring administration, but additional actions should be considered.

Preliminary monitoring reports for districts that received formal desktop monitoring during FY 2007-08 were issued four to seven months after monitoring occurred. Five of eleven system improvement plans (SIP) were submitted by recipients one to three months after preliminary reports were issued. Additional time passed when SIPs submitted could not be approved because they were not sufficiently completed by grant recipients. Because final monitoring reports are issued only after approved SIPs are in place, most reports were issued several months after monitoring activities ended.

Internal monitoring procedures provide for issuance of preliminary reports within 30 working days of monitoring activities with recipients allowed ten working days after receipt of a preliminary report to submit SIPs.

Recent improvements in an online monitoring system used to facilitate and track the process will reportedly address the timeliness issues noted. For example, the system now allows grant recipient staff to input SIP information electronically. This event prompts DOE staff members who notify those responsible to follow-up, review and approve newly submitted SIPs.

We reviewed reporting of preliminary monitoring reports issued for the current monitoring cycle and noted that they had been issued in a timely manner. Staff members coordinating monitoring efforts were aware that untimely issuance of monitoring reports diminishes the usefulness of

such reports and the Department's ability to ensure that necessary corrective actions are taken in a timely manner.

Such efforts should continue to provide greater assurance that established monitoring procedures are followed and deadlines are met. Continued efforts should be made to address untimely submission of SIPs by recipients. **We recommend** consideration be given to encouraging recipients to submit SIPs to be included in final monitoring reports, but not delaying issuance of reports should recipients fail to respond to submission deadlines established by the Department. Effective tracking documents should be maintained to improve the control and reporting of monitoring activities.

5. NCLB risk assessment could be made more effective by employing a system-wide approach.

Monitoring activities for NCLB programs (except 21st Century Community Learning Centers) are coordinated through the Office of Federal Programs. The process used to determine which grant recipients are prioritized for formal monitoring (onsite visit or desktop monitoring) is only partially risk based. In FY 2007-08, grant recipients were placed in a five-year rotation cycle based on geographic location and size (student population). Each year, the only recipients assessed for relative risk based on the application of factors are those 14 - 17 local education agencies (mostly school districts) included in the current year grouping. The factors used to assess risk of grant recipients largely focuses on student achievement outcomes such as percentage of annual yearly progress criteria met and performance of the lowest quartile in reading and mathematics).

This risk assessment approach does not assess risks of all grant recipients funded. Thus, recipients are not compared to each other in order to prioritize monitoring activities. Higher risk recipients could be placed in groups that will not be subject to formal monitoring for years, based on the established cycle. As practiced, the method discloses to each recipient the year when they will be subject to monitoring.

An effective risk assessment model should identify conditions and events that can have an impact on recipients' abilities to effectively complete grant award requirements. Such information should be used to determine monitoring strategies appropriate to the risks exhibited (e.g., onsite assistance or monitoring reviews for recipients deemed to be at highest risk).

The NCLB monitoring coordinator indicated that the initial separation of recipients into the five-year cycle was based largely on travel planning considerations and to obtain a mix of larger and smaller school districts. Additionally, past federal monitors were said to have encouraged that all grant recipients be monitored within a five-year cycle.

We recommend the Office of Federal Programs consider modifications to the risk assessment approach used. This would include performing an annual evaluation on all grant recipients. Consideration should be given to use of operational risk factors in evaluating recipient risk. Additional risk factors could include: appropriateness of cash draw-downs, ability to fully expend funds, and history of monitoring or audit findings.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge Department staff for their assistance during the course of this review. Our fieldwork was facilitated by the cooperation and assistance provided by all personnel involved.

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Review Conducted By:
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Attachment 1

Description of Monitoring Practices

NCLB Programs

Title I, Part A, Education of Disadvantaged
  Children and Youth
Title I, Part A, Public School Choice Options
Title I, Part C, Migrant Education Program
Title I, Part D, Subpart 2 Local Delinquent Program
Title II, Part A, Teacher and Principal Training &
  Recruiting Program
Title II, Part D, Enhancing Education Through
  Technology
Title III, Part A, English Language Acquisition
Title IV, Part A, Safe and Drug-Free Schools

Grant Award Description
Funding type: Federal
Project type: Primarily entitlement
2007-08 awards: $884.7M
Recipients: Primarily school districts

Primary Monitoring Activities
Grant recipients complete annual self-evaluations using work papers designed to address program requirements. Selected recipients receive either desktop or onsite monitoring by program staff members. Onsite monitoring includes visits to selected districts and schools as deemed appropriate.

Written Monitoring Procedures
Descriptive narratives, slide presentations, and technical assistance papers were available. Written procedures in the form of an operating manual had not been prepared.

Onsite Monitoring Performed
Seven onsite monitoring visits were performed during 2007-08. Eight onsite visits have been performed for the 2008-09 fiscal year. A similar number of districts receive desktop monitoring each year.

Risk Assessment Methodology
Local education agencies (primarily school districts) are grouped in a 5-year rotation cycle based on geographic location and size. Risk factors are used to assess districts (scheduled in the current year) for formal monitoring consideration. Risk factors used include:

Performance against AYP criteria, percentage of highly qualified teachers, and data on school safety indicators.

Monitoring Reports
Preliminary and final reports are issued based on onsite and desktop monitoring results.

Corrective Actions
System improvement plans are submitted by recipients and approved and tracked by DOE program staff to ensure actions are taken to resolve deficiencies.

Staff Resources
Over two dozen Department employees participate in grant monitoring.

IDEA, Part B & Part B Preschool

Grant Award Description
Funding type: Federal
Project type: Entitlement
2007-08 awards: $606.8M
Recipients: School districts

Primary Monitoring Activities
An automated system is used by grant recipients who annually self-assess their performance based on evaluation and reporting protocols established by DOE staff. The web-based reporting system (developed in FY 2007-08) was designed to identify and correct recipient noncompliance in IDEA educational requirements. The system is also used as a basis for focused monitoring activities, including part of the selection of districts for onsite monitoring.

Written Monitoring Procedures
A document discussing onsite monitoring protocols was recently prepared. Written procedures in the form of an operating manual for onsite monitoring had not been prepared. A comprehensive manual is available for the District self-assessment process.

Onsite Monitoring Performed
The current process focuses on self-assessment based file reviews that provide baseline compliance data used along with other information to identify school districts/ programs in need of "focused" monitoring. Onsite monitoring activities

were characterized as "in transition". Two onsite monitoring visits have been performed as of October 2008. Seven additional onsite monitoring visits were planned before the end of the current fiscal year.

Risk Assessment Methodology
A matrix of various assessment levels was recently developed to identify school districts for onsite monitoring. Criteria included costs per student, data from formal dispute resolutions, and timeliness of the districts' correction of non-compliance issues.

Monitoring Reports
Preliminary reports are issued when districts submit self-assessment results. Program staff validates the results and verifies corrective actions to be taken. Findings resulting from the self-assessment, validation, and verification processes are included in a final report for each school district.

Corrective Actions
Corrective action plans are developed based on the types of noncompliance noted in the self-assessment. Corrective action plans required through the self-assessment process are incorporated into existing action plans for the district.

Staff Resources
Five staff positions are designated to monitor programs (two positions were currently vacant).

Division of Workforce Education:
Adult Education & Family Literacy
Perkins, Career & Technical Education

Grant Award Description
Funding type: Federal
Project type: Discretionary non-competitive and competitive
2007-08 awards: $110.7M
Recipients: School districts and community colleges

Primary Monitoring Activities
Onsite monitoring visits are conducted which include interviews, observations, and records reviews. Other monitoring strategies may be used which include self-assessment and targeted technical assistance.

Written Monitoring Procedures
Manuals are prepared which contain policies, procedures, and protocols (dated 2008-09).

Onsite Monitoring Performed
Onsite visits were suspended for 2007-08 to hire a new director and develop a new monitoring system. In 2008-09, 11 recipients are scheduled to receive onsite monitoring, based on risk assessment results.

Risk Assessment Methodology
A risk assessment of all grant recipients is conducted annually using factors that include: volume of funding, number of ongoing grants awards, ability to fully expend funds, past monitoring or audit findings, and recent organizational changes. Results categorize recipients into tiers indicating level of risk and appropriate monitoring strategies, including onsite visits.

Monitoring Reports
Preliminary and final monitoring reports are issued as onsite visits are performed (during the current fiscal year).

Corrective Actions
Grant recipients are assigned a program contact who tracks corrective actions. System improvement plans and corrective action plans are used. Regular reporting is required with specific completion dates. A tracking system is in place.

Staff Resources
Including the director, five positions are involved with grant monitoring which occurs throughout the year.

21st Century Community Learning Centers

Grant Award Description
Funding type: Federal
Project type: Competitive discretionary and discretionary non-competitive
2007-08 awards: $50.6M
Recipients: School districts and non-profit community-based organizations

Primary Monitoring Activities
Grant recipients complete annual self-evaluations using forms designed to address program requirements. Selected recipients receive either desktop or onsite monitoring by program and

consultant staff members. Onsite monitoring includes visits to selected schools.

Written Monitoring Procedures
Standard operating procedures for a policy and compliance unit were in place as well as manuals for other program functions/ units (program evaluation and technical assistance).

Onsite Monitoring Performed
Six onsite monitoring visits were performed during 2007-08 by a grant-funded Policy and Compliance Unit. Evaluative visits are also made by the Program Evaluation Unit.

Risk Assessment Methodology
Selection of recipients for onsite monitoring is based on risk factors noted by program evaluation and technical assistance units that encounter recipients as they are awarded funding.

Monitoring Reports
Preliminary and final reports are issued.

Corrective Actions
Recipients submit corrective action plans. The Policy and Compliance Unit follows up to ensure compliance. Final resolution letters are issued to recipients when corrective action plans are fully implemented.

Staff Resources
The program director oversees a grant with a state university involving approximately 12 consultant staff members who provide program administration and monitoring services. Two persons make up the Policy and Compliance (monitoring) Unit.

Reading First

Grant Award Description
Funding type: Federal
Project type: Entitlement
2007-08 awards: $52.1M
Recipients: School districts

Primary Monitoring Activities
Performance data is reviewed annually by program staff to identify schools not meeting core reading achievement goals. School districts are then required to submit a District Support Plan for schools identified by the state as not meeting goals. Program staff members review and approve the plans. Of the schools identified, lower

performing schools are selected for onsite monitoring.

Written Monitoring Procedures
Reading First program staff commented they had written procedures, but not organized together into a formal bound booklet.

Onsite Monitoring Performed
During 2007-08, 51 schools received onsite visits. In the current year, 35 schools were visited.

Risk Assessment Methodology
Data is reviewed to identify schools not meeting core Reading First goals. Lower performing schools were then selected for onsite evaluation.

Monitoring Reports
Letters sent to district superintendents describe onsite visit observations and make specific recommendations and/or requirements.

Corrective Actions
Mid-year District Support Plan status reports are required. Program staff may revisit selected out of compliance schools as deemed necessary.

Staff Resources
Approximately 13 persons were involved in 2007-08 including grant-funded university staff assistance with annual onsite monitoring activities.

FDLRS Associate Centers

Grant Award Description
Funding type: Federal and state
Project type: Discretionary non-Competitive
2007-08 awards: $20.8M
Recipients: School districts

Primary Monitoring Activities
Performance reporting by staff at associate centers is submitted quarterly and reviewed by program management.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
Two Department employees and two grant funded positions coordinate/ oversee aspects of associate center operations.

Adults with Disabilities Grant Program

Grant Award Description
Funding type: State
Project type: Entitlement
2007-08 awards: $17.1M
Recipients: School districts and community colleges

Primary Monitoring Activities
Program contact reviews quarterly invoices and performance reports.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

University of Miami - First Accredited Medical School

Grant Award Description
Funding type: State
Project type: Entitlement (Proviso)
2007-08 award: $9.4M
Recipient: University of Miami medical school

Primary Monitoring Activities
Program contact reviews project application, enrollment information, and quarterly invoices/ reports.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Florida Community Service Grants

Grant Award Description
Funding type: State
Project type: Discretionary non-Competitive
2007-08 awards: $8.4M
Recipients: Primarily universities and community colleges

Primary Monitoring Activities
Program contact participants in monthly teleconferences with grant recipients and reviews quarterly invoices/ reports.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Center for Autism and Related Disabilities Program

Grant Award Description
Funding type: State
Project type: Discretionary non-competitive
2007-08 awards: $7.2M
Recipients: State universities

Primary Monitoring Activities
Program contact reviews grant recipient reporting via an online database which tracks activities performed.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Florida Literacy & Reading Excellence Center

Grant Award Description
Funding type: Federal
Project type: Discretionary non-competitive
2007-08 award: $6.3M
Recipient: State university (UCF)

Primary Monitoring Activities
Program contact has regular contact with recipient program director and attends periodic project staff meetings. He reviews quarterly reports received from program staff.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Nova Southeastern University-Health Programs

Grant Award Description
Funding type: State
Project type: Entitlement (Proviso)
2007-08 award: $6.2M
Recipient: Nova Southeastern University

Primary Monitoring Activities
Program contact reviews project application, enrollment information, and quarterly invoices.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Math & Science Partnership-Solutions for Florida's Future

Grant Award Description
Funding type: Federal

Project type: Competitive discretionary
2007-08 award: $5.9M
Recipient: State university (USF)

Primary Monitoring Activities
Program contact attends periodic leadership meetings to oversee progress and deliverables, and reads and evaluates annual reports.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

Florida Inclusion Network

Grant Award Description
Funding type: Federal
Project type: Discretionary non-competitive
2007-08 awards: $5.0M
Recipients: School districts and state universities

Primary Monitoring Activities
Program contact reviews grant recipient reporting via an online database which tracks activities performed.

Written Monitoring Procedures
Written procedures for monitoring activities performed are not prepared.

Onsite Monitoring Performed
No onsite monitoring is performed.

Risk Assessment Methodology
Not applicable.

Monitoring Reports
Not applicable.

Corrective Actions
Not applicable.

Staff Resources
One program contact.

FLORIDA DEPARTMENT OF EDUCATION

Dr. Eric J. Smith
Commissioner of Education

Just Read, Florida!

M E M O R A N D U M

DATE: June 25, 2009

TO: Ed Jordan, Inspector General

FROM: Martha K. Asbury

CC: Linda Champion, Deputy Commissioner

SUBJECT: **Response to OIG Report No. 08/09-01MR**

Recommendation 1 – We recommend comprehensive fiscal review activities be performed during onsite monitoring visits to the extent practicable.

Response – We agree that enhancing our current fiscal monitoring practices could provide additional assurance that state and federal funds are used appropriately. However, staffing constraints preclude significant changes in the current model. Currently staff in the Bureau of Contracts, Grants and Procurement Management Services and the Director of Audit Resolution and Monitoring provide grants fiscal management training and technical assistance to program staff tasked with monitoring state and federal programs. We will continue to conduct and improve these services to enhance the knowledge and skills of program staff tasked with performing monitoring activities and to assist programs in the development of stronger fiscal monitoring procedures.

Recommendation 2a – We recommend program management consider increasing onsite monitoring coverage in grant programs that currently have formal monitoring.

MARTHA K. ASBURY, DIRECTOR,
ADMINISTRATIVE SERVICES

Response – DOE monitoring consists of many activities including desk top monitoring, onsite monitoring, and the examination of data and performance reports. There are benefits and limitations to each of these activities but they share common objectives of providing

accountability and successful program outcomes. Consideration will be given to the benefits of onsite monitoring within the constraints of available resources. In developing periodic monitoring plans programs will determine the most efficient manner to allocate the available human resources and travel budget to the various monitoring activities to help ensure accountability and successful program outcomes. The Bureau of Contracts, Grants and Procurement Management Services stands ready to assist programs as necessary.

Recommendation 2b – We also recommend formal monitoring, including onsite monitoring, be performed for smaller grant programs.

Response – As previously noted, staffing and related budget constraints preclude any significant changes to the extent that "formal" monitoring can be conducted with the smaller grant programs. Onsite monitoring is particularly difficult with respect to the small programs because there are rarely administrative funds attached to these programs. While it may be possible to establish more structured monitoring protocols for these programs, it is not likely that the Department can redirect existing resources to provide substantive onsite monitoring. Staff of the Bureau of Contracts, Grants and Procurement Management Services will work with DOE program areas to determine the timing, nature and extent of monitoring activities for small grants to ensure sufficient oversight of grant activities within the constraints of available resources.

Recommendation 3 – We recommend monitoring systems be formalized in approved written procedures that address such areas as...

Response – Staff of the Bureau of Contracts, Grants and Procurement Management Services will continue to assist DOE program areas in developing or improving their formal monitoring procedures.

Recommendation 4 – We recommend consideration be given to encouraging recipients to submit SIPs to be included in final monitoring reports, but not delaying the issuance of reports should recipients fail to respond to submission deadlines established by the Department.

Response – Staff of the Bureau of Contracts, Grants and Procurement Management Services will assist DOE program areas in developing mechanisms to facilitate the timely receipt of SIPs and in determining the circumstances where reports would be issued without SIPs.

Recommendation 5 – We recommend the Federal Programs section consider modifications to the risk assessment approach used.

Response – Staff of the Bureau of Contracts, Grants and Procurement Management Services will work with the Federal Programs section [K-12, NCLB] to examine various models for improving the current risk assessment approach with the goal of establishing a more comprehensive and reliable protocol for determining appropriate monitoring strategies. The Bureau will collaborate with the Federal Programs section to implement the revised model.