



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General



July 2010

Report No. 09/10-02MR

Subrecipient Reporting of ARRA Data

Overview

The majority of the education targeted American Recovery and Reinvestment Act (ARRA) funds in Florida are being awarded in the form of subgrants to established recipients, primarily school districts, colleges and universities.

The Office of Inspector General (OIG) performed a limited review to determine whether subgrant recipients (subrecipients) are accurately reporting ARRA expenditures and associated Full Time Equivalent (FTE) jobs data to the Department of Education (Department).

In our review of six subrecipients' administration of multiple ARRA grants, we noted relatively minor exceptions in data reporting by three school districts. In these school districts, the number of FTE jobs reported did not always agree with supporting documentation on file.

Other exceptions involved misclassifications of Title I and IDEA grant expenditure amounts ranging from \$296 to \$25,600. One instance was noted where a subrecipient was unable to provide support for an expenditure of \$11,552.

Ocala County School District informed us that issues noted during our review have since been corrected. Gadsden County School District has not responded to our inquiry regarding corrections.

Future OIG audits and reviews will be performed as part of our ongoing efforts to help ensure ARRA expenditures and FTE jobs are accurately reported to the Department.

Background

The American Recovery and Reinvestment Act is intended to stimulate the economy, invest in needed programs, and create and save jobs.

The U.S. Department of Education will receive approximately \$100 billion in stimulus funding. As of the quarter ending March 31, 2010, the Florida Department of Education has been awarded nearly \$4 billion in stimulus funding and, to date, has expended over \$1.3 billion. These funds are intended to support states and school districts, preserve and create jobs, and advance reforms and improvements that will create long-lasting results for students. The Department has received substantial stimulus funding, most of which has been awarded to program areas including State Fiscal Stabilization, Title I, Part A of the Elementary and Secondary Education Act (Title I); and the Individuals with Disabilities Education Act (IDEA), Part B. The disbursement and use of these funds are guided by four principles:



- Spend funds quickly to save and create jobs;
- Improve student achievement through school improvement and reform;
- Ensure transparency, reporting, and accountability; and
- Invest one-time funds thoughtfully to ensure lasting results without unsustainable recurring costs.

ARRA Accountability and Transparency

ARRA includes specific rules to ensure that funds are used for appropriate purposes and are transparent to the public. The Department must certify that expenditures made with ARRA are an appropriate use of taxpayer dollars and post the certification on a website linked to the federal Recovery Act Web site (Recovery.Gov). In addition, after the end of each quarter, the Department must submit reports to federal agencies on the use of ARRA funds including number of jobs impacted by ARRA projects or

activities and details about ARRA grants and contracts awarded by the Department to subrecipients (primarily school districts).

Subrecipients of ARRA funds are subject to quarterly reporting of expenditures tied to the established assurances, principles, and strategies associated with the funded programs. To accomplish this, the Department created a web-based software system for reporting cumulative expenditures by grant and FTE positions funded by ARRA. Data elements are reported in the Florida reporting system which then uploads data to the Federal reporting system.

Exhibit: Subrecipients included in the review:

Subrecipient	Award Program	Grant Award	Grant Expenditures
Duval County School District	ESEA Title I - Disadvantaged Children	23,567,750	4,669,681
	IDEA, Part B K-12	31,217,919	3,020,963
	State Fiscal Stabilization - Education	42,084,859	14,767,057
Florida State College at Jacksonville	Education Stabilization Fund - College	5,089,588	4,759,723
	Government Services Fund - College	1,009,477	1,009,477
Gadsden County School District	ESEA Title I - Disadvantaged Children	1,510,560	341,234
	IDEA, Part B	1,694,159	702,473
	State Fiscal Stabilization - Education	1,834,500	537,041
Institute for Human and Machine Cognition	State Fiscal Stabilization - Government	447,937	363,084
Leon County School District	ESEA Title I - Disadvantaged Children	2,818,518	191,179
	IDEA, Part B K-12	7,726,550	835,077
	State Fiscal Stabilization - Education	10,596,535	3,300,358
Okaloosa County School District	ESEA Title I - Disadvantaged Children	2,572,657	655,843
	IDEA, Part B K-12	6,350,247	1,468,210
	State Fiscal Stabilization - Education	9,334,629	2,618,430
	State Fiscal Stabilization - Government	350,912	119,622

Source: Florida Department of Education’s Grants Reporting System as of December 31, 2009.

Summary Results of Subrecipient Reviews

Gadsden County School District

We observed that job assignments for certain employees were listed in two separate sections of the report used to calculate FTE positions. This resulted in jobs reported as saved by the State

Fiscal Stabilization Fund grant being overstated by 3.0 FTEs. Similarly, two positions were found to have been double counted for the Title I grant, resulting in an additional overstatement of jobs saved by 2.0 FTEs.

In reviewing support for selected expenditures, we noted the following exceptions:

Title I grant – There was no supporting documentation for instructional trainer

expenditures totaling \$11,552. Also, an expenditure of \$8,476 for educational software licenses was miscoded as professional services consultant fees. District staff members were informed that appropriate classification of the expenditures is needed.

IDEA grant – An expenditure of \$296 for instructional staff training was miscoded as computer hardware. District staff members were informed that appropriate classification of the expenditures is needed.

Leon County School District

We noted the following from our review of documentation supporting FTE positions reported: 1) There was no support for one FTE funded by the Title I grant; and 2) records for the State Fiscal Stabilization fund supported one FTE more than was reported. Total FTEs reported by the District was correct.

The district reported expenditures through November 30, 2009, for the quarter ended December 31, 2009, as there was insufficient time to close out the month of December 2009, before the information was due to the Department.

Okaloosa County School District

We reviewed documentation to support FTE positions reported, and noted that jobs reported agreed to the documented support for all but one ARRA funded grant. Jobs for the IDEA grant were overstated by 2.66 FTEs. The District staff indicated they would correct this in the next reporting quarter.

In reviewing support for selected expenditures, we noted the following:

Title I grant – An expenditure of \$600 for student tutoring services was miscoded as staff development. District staff initiated a transfer to appropriately classify the amount.

IDEA grant – An expenditure of \$25,600 was coded for vendor software support but was not supported by budget authority. A budget amendment to allow the expenditure was submitted and approved which appropriately classified the amount.

Duval County School District

We noted no exceptions with reporting of FTE positions or with support for specific expenditures examined.

Florida Institute for Human and Machine Cognition

We noted no exceptions with reporting of FTE positions or with support for specific expenditures examined.

Florida State College at Jacksonville

We noted no exceptions with reporting of FTE positions or with support for specific expenditures examined.

Objective, Scope and Methodology

The objective of this review was to determine whether subrecipients are accurately reporting ARRA expenditures and jobs data. The scope of the review included information through March 31, 2010. We reviewed various federal government publications to help in understanding ARRA requirements, as well as guidance and instructions provided to subrecipients by the Department.

Six subrecipients were selected for our review: four school districts, one state college and one private non-profit institute. The selection was based on location of subrecipients' offices (northern part of state), type of subrecipient, and size of the ARRA awards. Subrecipient grants included in our review were those with larger award amounts. This usually involved review of Title I, IDEA, and Stabilization grants.

For each subrecipient, we requested relevant information that included a written methodology used to compile and calculate the number of positions impacted, documented policies and procedures related to Section 1512 reporting, and supporting documentation for reported Section 1512 data as of December, 31, 2009 (ARRA funded expenditures and positions).

We met with subrecipient staff members at their workplaces to review documentation as well as processes and practices in place to compile, calculate and report data for quarterly reporting to the Department. We evaluated adequacy of internal controls in place over processes for reporting ARRA expenditures and related ARRA data.

