



**U.S. Department of Education
Office of Inspector General**



American Recovery and Reinvestment Act of 2009

Oklahoma: Use of Funds and Data Quality for Selected American Recovery and Reinvestment Act Programs



Oklahoma State Capitol

ED-OIG/A06K0002

February 2011

Abbreviations/Acronyms/Short Forms Used in This Report

ARRA	American Recovery and Reinvestment Act of 2009
Broken Arrow	Broken Arrow Public Schools
C.F.R.	Code of Federal Regulations
CFDA	Catalog of Federal Domestic Assistance
CMA	Cash Management Agreement
Department	U.S. Department of Education
DUNS	Data Universal Numbering System
Edmond	Edmond Public Schools
ESF	Education Stabilization Fund
FFATA	Federal Funding Accountability and Transparency Act
GSF	Government Services Fund
IDEA	Individuals with Disabilities Education Improvement Act of 2004, Part B
IHE	Institution of Higher Education
LEA	Local Educational Agencies
OCCC	Oklahoma City Community College
OESE	Office of Elementary and Secondary Education
OIG	Office of Inspector General
Oklahoma City	Oklahoma City Public Schools
OMB	Office of Management and Budget
OMB M-09-21	Implementing Guidance for the Reports on the Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009

OMB M-10-08	Updated Guidance on the American Recovery and Reinvestment Act Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates
OMB M-10-17	Guidance for Holding Recipients Accountable for Reporting Compliance under the American Recovery and Reinvestment Act
OSDE	Oklahoma State Department of Education
OSERS	Office of Special Education and Rehabilitative Services
OSF	Oklahoma Office of State Finance
OSL	Oklahoma State Legislature
OSU	Oklahoma State University
OTC	Oklahoma Tax Commission
OWRB	Oklahoma Water Resource Board
SFSF	State Fiscal Stabilization Fund
SFSF ESF	State Fiscal Stabilization Fund Education Stabilization Fund
SFSF GSF	State Fiscal Stabilization Fund Government Services Fund
Title I	Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
Dallas Audit Region

February 18, 2011

Honorable Janet Barresi, DDS
State Superintendent of Public Instruction
Oklahoma State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, OK 73105

Mr. Preston Doerflinger
Director, Office of State Finance
2300 North Lincoln Boulevard, # 122
Oklahoma City, OK 73105

Dear Superintendent Barresi and Director Doerflinger:

This **final audit report** presents the results of our review of "Oklahoma's Use of Funds and Data Quality for Selected ARRA Programs."

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate U.S. Department of Education officials.

This report incorporates the comments you provided in response to our preliminary final audit report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department officials, who will consider them before taking final Departmental action on this audit.

Thelma Meléndez de Santa Ana, Ph.D.
Assistant Secretary for Elementary and Secondary Education
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, DC 20202

Alexa Posny, Ph.D.
Assistant Secretary for Special Education and
Rehabilitative Services
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, DC 20202-7100

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/

Keith Maddox
Regional Inspector General for Audit

Enclosures (2)

**Oklahoma: Use of Funds and Data Quality for
Selected American Recovery and Reinvestment Act Funds**

Control Number ED-OIG/A06K0002

PURPOSE

The American Recovery and Reinvestment Act of 2009 (ARRA) places a heavy emphasis on accountability and transparency. Federal agencies and others who are affected by ARRA have the responsibility to ensure that ARRA funds reach intended recipients and achieve intended results. This includes effectively implementing and controlling funds at the Federal, State, and local levels; ensuring that recipients understand requirements and have proper controls in place over the administration and reporting of ARRA funds; and promptly identifying and mitigating instances of fraud, waste, and abuse. Proper systems of internal control are essential for ensuring ARRA funds are administered properly and used in ways that comply with the requirements of ARRA.

The purpose of our audit was to determine whether the Oklahoma Governor's Office, the Oklahoma Office of State Finance (OSF), the Oklahoma State Department of Education (OSDE), selected local educational agencies (LEA), and a selected Institution of Higher Education (IHE) ensured that (1) ARRA funds were used in accordance with applicable laws, regulations, and guidance; and (2) ARRA data reported by recipients and subrecipients were accurate, reliable, and complete. Our audit covered the period February 17, 2009, through December 31, 2009. The LEAs selected for review were the Broken Arrow Public Schools (Broken Arrow), Edmond Public Schools (Edmond), and Oklahoma City Public Schools (Oklahoma City). The IHE reviewed was Oklahoma State University (OSU).

RESULTS

The Governor's Office, OSF, and OSDE have not demonstrated that all ARRA funds were expended in accordance with applicable laws, regulations, and guidance. We identified \$16 million in State Fiscal Stabilization Fund (SFSF) Government Services Funds (GSF), for which OSF is unable to account for how the funds were expended. We also identified more than \$68,000 in unallowable expenses at two subrecipients and more than \$81,000 in unsupported costs at two other audited subrecipients. Also in our review, we determined that OSDE and OSF did not follow applicable cash management regulations to ensure that subrecipients did not receive funds in advance of need. OSDE had advanced the full amount (\$124 million) available under ARRA for Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended (Title I) and Part B of the Individuals with Disabilities Education Act (IDEA) to LEAs without regard to their immediate funding needs. Furthermore, OSF drew down approximately \$19.2 million in SFSF Education Stabilization Funds (ESF) in excess of the LEAs' needs. OSDE and OSF also did not ensure that data reported were accurate, reliable, and complete.

OSF did not agree that it is the prime recipient of the funds, that it was unable to account for \$16 million in SFSF GSF funds, or that it drew down \$19.2 million in excess of need. OSF did concur with our finding that Oklahoma City Community College (OCCC) used SFSF funds for unallowable expenditures.

OSDE did not agree that it was unable to account for \$16 million in GSF funds, did not follow applicable cash management regulations, or sustain a system to report accurate, reliable, and complete information for the ARRA programs. OSDE did provide additional documentation for unsupported costs from the subrecipient for the self-certifications of time for IDEA Part B funds and agreed SFSF ESF funds were expended for an unallowable expenditure.

OSF's comments and additional documentation provided by OSDE did not cause us to change our overall findings and recommendations. We did adjust the unsupported costs related to self-certifications based on documentation provided. We address the specific response from OSF and OSDE and the disagreements with our findings and recommendations in the specific findings.

After the issuance of the draft report and the receipt of comments from OSF and OSDE, a newly elected State Superintendent and appointed Director of State Finance were sworn into office. Also subsequent to the receipt of the Auditee comments, we were advised by OSF that the \$16 million of GSF funds was redirected by the Governor to be used for FY 2011 expenditures. Because this occurred after our audit period, we did not review or confirm how those expenditures will be expended.

BACKGROUND

ARRA was signed into law on February 17, 2009, in an unprecedented effort to jumpstart the American economy. ARRA has three immediate goals: (1) create new jobs and save existing ones, (2) spur economic activity and invest in long-term growth, and (3) foster unprecedented levels of accountability and transparency in government spending. To ensure transparency and accountability of ARRA spending, recipients are required under Section 1512 of ARRA to submit quarterly reports on ARRA awards, spending, and job impact. According to the Office of Management and Budget (OMB), the reports, which contain specific detailed information on the projects and activities funded by ARRA, will provide the public with an unprecedented level of transparency into how Federal dollars are being spent. They will also help drive accountability for the timely, prudent, and effective spending of ARRA funds.

On April 1, 2009, the U.S. Department of Education (Department) awarded 50 percent of Oklahoma's ARRA Title I and IDEA funds. According to the Grant Award Notifications, Oklahoma was to receive ARRA Title I and IDEA funds for the grant award period February 17, 2009, through September 30, 2010, and SFSF for the grant award period July 2, 2009, through September 30, 2010. OSDE was allocated \$109 million in ARRA Title I funds and \$147 million in IDEA funds. As of December 31, 2009, OSDE had drawn down \$55 million and \$75 million in ARRA Title I and IDEA funds, respectively, to 536 LEAs. The Office of the Governor was also awarded approximately \$317 million in SFSF ESF and approximately \$105 million in SFSF GSF funds. OSF was designated as the prime recipient for SFSF grant funds by the Governor and was tasked with awarding and monitoring the funds to ensure they were expended appropriately by State agencies.

Table 1 identifies the ARRA funding allocated to Oklahoma, the amount received from the Department, and the amount spent by subrecipients as of December 31, 2009.

Table 1: ARRA Allocations to Oklahoma State Agencies (in millions)					
Grant Title	Catalog of Federal Domestic Assistance No.	Agency	Total ARRA Allocation	Total Drawn Down from Department of Education	Total Expended by Subrecipients
Title I	84.389	OSDE	\$109	\$55	\$15
IDEA	84.391	OSDE	\$147	\$75	\$20
SFSF ESF	84.394	OSF	\$317	\$137	\$49
SFSF GSF	84.397	OSF	\$105	\$18.7	\$2.7
Total			\$678	\$285.7	\$86.7

In its approved SFSF application, the Office of the Governor stated that it planned to use \$173 million of its SFSF ESF allocation to restore the level of State support for elementary and secondary education in FY 2010 to the level of FY 2009. The application also indicated that its SFSF GSF allocation of approximately \$105 million would be distributed to other State agencies to support public assistance, infrastructure repair, and other government services for fiscal years 2010 and 2011.

FINDINGS

FINDING NO. 1 – Oklahoma Is Unable to Account for \$16 Million in ARRA Funds

Oklahoma is unable to account for \$16 million in ARRA GSF funds. OSF drew down \$18.7 million in SFSF GSF funds on July 30, 2009, and sent \$2.7 million of the \$18.7 million to the Oklahoma Water Resource Board (OWRB) to cover payroll shortages. The OWRB provided adequate documentation for the payroll costs of \$2.7 million. OSF did not provide adequate documentation for the remaining \$16 million.

According to OSF officials, the remaining \$16 million in SFSF GSF funds was initially allocated to the Oklahoma Tax Commission (OTC) to cover shortfalls in ad valorem¹ tax revenue normally paid to counties. Specifically, on July 31, 2009, OSF provided \$16 million in ARRA funding to the OTC. The OTC then disbursed the \$16 million in funding to counties to cover their shortfall in ad valorem tax revenues. However, prior to OSF providing \$16 million in ARRA funding to OTC, the Oklahoma Legislature appropriated and OSF transferred \$33 million in State funds to OSDE for the purchase of textbooks on July 1, 2009. Based on the Oklahoma Legislature's appropriation, in August 2009, OSDE allocated and distributed \$33 million in State funds to more than 530 LEAs to purchase textbooks.

The State Auditor later deemed that ARRA funds could not be used to cover ad valorem tax revenue shortages because of the possibility that ad valorem tax revenue could be used to pay debt services, which are unallowable expenses for SFSF funds. As a result, in September 2009, the Governor directed OSF to transfer the \$16 million of ARRA funds from OTC to OSDE for the purchase of textbooks.

On September 2, 2009, OSF transferred \$16 million in SFSF GSF funds from OTC into OSDE's account and withdrew \$16 million from the account on the same day. On September 3, 2009, OTC notified the counties that the prior funds they had received to cover their shortfall in ad valorem tax revenues was no longer considered stimulus funds. According to OSF, the \$16 million in ARRA funds transferred to OSDE was intended to take the place of \$16 million of the original \$33 million textbook appropriation. It was OSF's position that ARRA funds were transferred to OSDE and that OSDE's accounting records should have reflected that \$16 million in ARRA funding was used to purchase books. In OSDE's opinion, because State funds for the textbooks were distributed to LEAs in August 2009, State funds, not ARRA funds, were used to purchase the textbooks. OSDE also stated it did not have award documents showing that ARRA funds were disbursed to LEAs, nor did OSDE obtain the required ARRA assurances. The assurances are agreements between the State Educational Agency and the LEAs, which state that ARRA funds will be used in accordance with required terms. In addition, OSDE stated that

¹ A tax based on the assessed value of real estate or personal property. Ad valorem taxes can be property tax or duty on imported items. Property ad valorem taxes are the major source of revenue for State and municipal governments.

LEAs' accounting records show that State funds, not Federal ARRA funds, were used to purchase the textbooks.²

In response to the draft report, OSDE subsequently provided the OIG with Excel spreadsheets as documentation to support the allocation of the \$16 million in GSF funds to LEAs and the resulting changes to the LEAs' original State funded textbook allocations; however, the documentation provided was not sufficient to support that the \$16 million was used to purchase textbooks. In addition, OSDE provided the OIG with various screen shots from the accounting system for a small sample of LEAs that show allocations of GSF funds to the LEAs for textbooks. However, the screen shots provided did not show that the original State allocations were reversed in the accounting system, nor were we provided with evidence of the reversal of the State funding for, and application of GSF funds to, the original textbook purchases. We also have no assurance that the changes shown in the screen shots were made for all LEAs to which funds were allocated. In the response to the draft report, OSDE stated that notification to subrecipients would follow. Because the notifications had not yet been made, we could not verify whether the LEAs were aware of the changes and subsequently made the appropriate changes to their accounting records. Based on the information provided by OSDE, we were still unable to track the GSF funds to specific LEAs and determine whether the changes were made, that the LEAs actually received GSF funds, and how those funds were expended.

Section VII-1 of "Guidance on the State Fiscal Stabilization Fund Program," issued by the Department in April 2009, states that recipients must maintain accurate, complete, and reliable documentation of all ARRA expenditures. In addition, the recordkeeping provisions of "Guidance for Grantees and Auditors – State Fiscal Stabilization Fund," issued by the Department on December 24, 2009, states that recipients must maintain records that separately track and account for those funds and fully disclose how those funds were used, the total cost of the activity for which the funds were used, the share of the costs by other sources, and such other records as will facilitate an effective audit.

As a result of the events described above and the positions taken by OSF and OSDE on those events, we concluded that the State of Oklahoma cannot demonstrate with certainty the disposition of \$16 million in SFSF GSF funds. We based our conclusion on reviews of accounting records and interviews with State officials who were unable to provide traceable records of how the \$16 million in SFSF GSF was allocated to and expended by the final subrecipients. Subrecipients we reviewed stated that the funds they received to purchase textbooks were State funds and not ARRA funds. Because the subrecipients never received guidance from OSF or OSDE, the \$16 million was treated as State funding, and documentation requirements for entities that received ARRA funds were not followed. As a result, we consider the \$16 million to be unaccounted for and (1) there is an increased risk that funds have been or will be used for unallowable purposes or after the period of availability, (2) the funds will not be audited as part of the subrecipients' annual single audits, and (3) Oklahoma's reporting on its SFSF GSF award to FederalReporting.gov is incomplete and inaccurate. (See Finding No. 3 for further information on how Oklahoma reported on its use of SFSF GSF funds to FederalReporting.gov.)

² See Attachment 1 for a complete timeline of the events and transactions relating to the allocations and accounting for the \$16 million in SFSF GSF funds.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education (OESE) require —

- 1.1 OSF to provide sufficient documentation and/or accounting transactions to support that SFSF GSF funds were expended appropriately or return \$16 million in SFSF GSF funds. If documentation is provided to show that the funds went to LEAs for the purchase of textbooks or to other subrecipients, Oklahoma should notify each subrecipient of how much it received to ensure the appropriate accounting changes are made. Oklahoma should also ensure that (1) the subrecipients appropriately account for and use the funds in accordance with the requirements and within the period of availability, (2) that the funds are appropriately included in their single audits, and (3) that the subrecipients provide the information Oklahoma needs to report on the SFSF GSF program completely and accurately.

Auditee Comments:

OSF did not agree that it was unable to account for \$16 million. OSF stated that it is neither the grantee nor grantor and does not have contact with the subrecipients, and it had provided sufficient documentation to show that the GSF funds were sent to OSDE. Lastly, OSF stated that it is OSDE's responsibility for communications with and monitoring of subrecipients.

OSDE also did not concur that Oklahoma was unable to account for \$16 million in GSF funds. OSDE stated that it had described an "equitable offset"³ at the exit conference with the OIG and provided documentation to show that "equitable offset" modifications were made and accounting records were adjusted to reflect textbook purchases.

OIG Response:

OSF did not provide any information or documentation in its response to support its position. During the audit, OSF provided journal entries that documented the transfer of \$16 million in GSF funds to other accounts. However, based on the review of that information and discussions with both OSF and OSDE, neither agency was able to provide sufficient information to document the final disposition of the funds. The lack of supporting documentation for final disposition of the \$16 million in GSF funds was corroborated by the LEAs we contacted. Those LEAs indicated they did not receive any GSF funds for the purchase of textbooks.

We recognize that OSF, in conjunction with OSDE, is administering the SFSF funds on behalf of the Governor's Office. However, we disagree that OSF is not responsible for the awarding, monitoring, and tracking of the SFSF funds. The Governor of Oklahoma designated OSF as the State Agency with the authority to award, monitor, and track SFSF funds for the State of Oklahoma. The grant award letters for both GSF and ESF list the Director of OSF as the Recipient State Director for the grants. During the audit, OSF stated that it planned to monitor

³ Equitable offset is a process in which expenditures on qualified activities that have not previously been claimed can be used as a substitute for improperly expended funds.

the SFSF funds but did not have a policy currently in place to review the funds since it was new to the Federal grant process. Furthermore, OSF is the only State agency for SFSF funds with the authority to report the required information to Federalreporting.gov.

The additional information provided by OSDE in response to the draft report did not cause us to change our overall conclusion and recommendation. Based on the review of the documentation provided, we have adjusted the finding to show that changes were made to how GSF funds at the State level were allocated to districts. OSDE provided documentation to show that through the Oklahoma Cost Accounting System there were adjustments prepared to account for the LEAs' textbook expenditures with SFSF GSF. However, OSDE did not provide any additional documentation to show that the adjustments were actually made and that the LEAs were aware of the changes to their allocations. In addition, OSDE did not provide documentation of the assurances between the State and the LEAs or award documentation for the awarding of GSF funds to the LEAs. Until sufficient documentation is provided and reviewed, there is no assurance that the entire \$16 million is accounted for and can be audited by the LEAs' independent auditors.

After the issuance of the draft report and the receipt of comments from OSF and OSDE, a newly elected State Superintendent and appointed Director of State Finance were sworn into office. Also subsequent to the receipt of the Auditee comments, we were advised by OSF that the \$16 million of GSF funds was redirected by the Governor to be used for FY 2011 expenditures. Because this occurred after our audit period, we did not review or confirm how those expenditures will be expended.

FINDING NO. 2 – Oklahoma Disbursed ARRA Funds in Advance of Local School District Need

OSDE and OSF disbursed ARRA Title I, IDEA, and SFSF ESF funds in a manner that does not minimize the time elapsed between transfer of funds and disbursement by the grantee or sub-grantee. OSDE advanced the first 50 percent of ARRA Title I and IDEA funds to LEAs in May 2009; however, as of December 31, 2009, the LEAs had not expended all of the advanced funds. OSF also disbursed SFSF ESF funds in advance of need to the LEAs that received the funds. During September 2009, OSF disbursed a double payment, August and September 2009 payments, of ESF funds to the LEAs, which caused the districts to carry over a monthly balance of ESF funds.

Early Disbursement of ARRA Title I and IDEA

On May 7, 2009, OSDE distributed \$54,033,951 in ARRA Title I funds and \$73,957,015 in ARRA IDEA funds to LEAs. However, as of December 31, 2009, only \$14,895,196 in ARRA Title I funds (28 percent) and \$19,637,510 in ARRA IDEA funds (27 percent) had been spent by the LEAs. Most of the funds distributed to the LEAs were still in their bank accounts more than 6 months after the initial distribution.

Table 2 illustrates the amount of ARRA Title I and IDEA funds received and expended as of December 31, 2009, by the three LEAs reviewed.

Table 2: ARRA Funds Expended by Select Local Educational Agencies						
Districts	ARRA Title I Part A - 1st Received	ARRA Title I Part A Expended	Percent Expended %	ARRA IDEA Part B - 1st Received	ARRA IDEA Part B Expended	Percent Expended %
Oklahoma City	\$10,056,680	\$617,892	6.14	\$5,220,040	\$1,349,834	25.86
Tulsa	\$8,359,529	\$568,783	6.80	\$5,396,931	\$0	0.00
Broken Arrow	\$634,514	\$108,744	17.14	\$1,783,519	\$455,459	25.54

According to 34 C.F.R. § 80.21(b), “methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or sub-grantee, in accordance with Treasury regulations at 31 C.F.R Part 205.” Section 80.21(c) further states that, “grantees and sub-grantees shall be paid in advance provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee.” According to 31 C.F.R. § 205.11(a), grantees must minimize the amount of time between receiving the funds and expending the funds.

Pursuant to 34 C.F.R. § 80.21(i), grantees and sub-grantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency, with the grantee or sub-grantee allowed to keep interest amounts up to \$100 per year for administrative services.

According to the State Superintendent, funds were advanced and disbursed quickly to LEAs to save and create jobs as required by ARRA. After our visit, OSDE, on April 6, 2010, requested all unexpended ARRA Title I and IDEA funds be returned to the State. Per the State Superintendent, all but one LEA returned ARRA Title I and IDEA funds to the State. Subsequent to our review, in July 2010 the State returned approximately \$14.8 million in Title I and \$10.6 million in IDEA funds to the Department. The State is moving from the cash advance method of payment to the reimbursement method.⁴ The reimbursement method should ensure that LEAs meet time requirements of expending funds when needed without causing additional interest expense for the U.S. Treasury.

LEAs across the State had not expended \$39,138,755 in ARRA Title I and \$54,319,505 in ARRA IDEA funds advanced, for the period of May 7, 2009, through December 31, 2009. Oklahoma drew ARRA funds for disbursement to LEAs too far in advance of their immediate cash need; therefore, there was an additional cost to the U.S. Treasury. Because of the Federal deficit, the U.S. Treasury must borrow the cash needed to fund Federal programs and, as a result, incurs interest costs. We estimate that a timely drawdown by the State for disbursements to

⁴ The advance payment method provides Federal Funds to LEAs in advance. The reimbursement payment method reimburses the LEAs for expenditures made during the prior month.

LEAs would have resulted in the avoidance of about \$327,104 in borrowing costs to the U.S. Treasury.⁵ On December 30, 2009, some LEAs returned a total of \$73,187 in interest earned on advanced funds to OSDE.⁶

Early Drawdown and Disbursement of SFSF Educational Stabilization Funds

As of December 24, 2009, OSF drew down \$137,221,845 in SFSF ESF funds and disbursed \$117,987,374 (86 percent) to LEAs. We estimated that OSF drew down a total of \$19.2 million of SFSF ESF funds in excess of what was needed for disbursement to subrecipients. We determined this by comparing the total drawdowns by OSF to the total disbursed to subrecipients as of December 31, 2009.

We also noted that the SFSF ESF funds were disbursed to the LEAs prior to need. According to the Executive Director, State Aid Section, funds are disbursed automatically on a monthly basis through the State Aid allocation. The percentage of allocation is based on a State Aid payment formula and is paid to LEAs at a rate of 9 percent per month until exhausted. For the three LEAs reviewed, this resulted in the LEAs only expending approximately 75 percent of the amounts received as of December 31, 2009.

Table 3 illustrates the amount of ARRA SFSF ESF funds received and expended by the three LEAs reviewed, as of December 31, 2009.

Table 3: ARRA SFSF ESF Funds Expended by Select Local Educational Agencies			
Districts	SFSF ESF Received	SFSF ESF Expended	Percent Expended %
Broken Arrow	\$1,755,837	\$1,325,009	75
Edmond	\$2,190,254	\$1,658,792	76
Oklahoma City	\$4,471,366	\$3,319,710	74

As previously stated, 34 C.F.R. § 80.21(b) requires that methods and procedures for payment minimize the time elapsing between the transfer of funds and disbursement by the grantee or sub-grantee, in accordance with Treasury regulations at 31 C.F.R. Part 205.

OSF has not made adjustments to its drawdown and disbursement procedures to accommodate the Federal cash management requirements but instead administers SFSF funds the same as State Aid. By not determining each LEA's cash position prior to disbursing SFSF cash advances, OSF did not ensure that LEAs were expending the funds timely and not maintaining excess cash. In addition, by drawing down Federal funds and disbursing them in advance of LEAs' immediate

⁵ We estimated the interest accrued using the annualized T-Bill rate of .6 percent for States whose fiscal year began July 1, 2008. We calculated interest for a 7-month period at the above rate. (Title I Part A: Unexpended funds as of 12/31/09 was \$39,138,755*.006/12*7 = \$136,986 and IDEA: Unexpended as of 12/31/09 was \$54,319,505*.006/12*7 = \$190,118). This calculation assumes the amount on hand as of December 31, 2009, was available the full 7 months.

⁶ The interest was earned during the period of June through December 2009. In addition, not all LEAs deposited their Federal funds in interest bearing accounts.

cash needs, there is an additional cost to the U.S. Treasury and an increased risk that SFSF funds might be misused.

Recommendations

We recommend that the Assistant Secretary for OESE in conjunction with the Assistant Secretary for the Office of Special Education and Rehabilitative Services (OSERS) require OSDE and OSF to —

- 2.1 Determine subrecipients' actual cash needs before disbursing Federal program funds to them.
- 2.2 Provide training to State and LEA staff on appropriate cash management policies and procedures.

Auditee Comments:

OSF did not agree that it advanced funds to LEAs, nor does it agree that SFSF funds were drawn down or disbursed prior to need. OSF stated that it is neither a grantee nor a grantor of SFSF funds and, therefore, not responsible for the disbursement, awarding, monitoring, or communication to subrecipients for the funds.

OSDE did not concur with our finding that Oklahoma disbursed ARRA funds in advance of LEAs' need. OSDE stated that no ESF funds were distributed to LEAs until OSDE received and approved the Assurance Statements and Data Forms. During FY 2010, ESF and GSF funds were not part of OSDEs online system⁷ and subrecipients had to fax or mail supporting documentation to OSDE. For FY 2011, SFSF ESF and GSF will be incorporated into the online system, and the LEAs will budget and submit claims for reimbursement online if SFSF ESF funds are not used for salaries. OSDE stated that LEAs will submit quarterly reports for expenditures to confirm the need for funds received, and if discrepancies are noted, the payments will be decreased from future payments to that recipient.

OIG Response:

OSF did not provide any additional information that caused us to change our conclusions or recommendations. As stated in the OIG Response for Finding No. 1, based on grant documentation, OSF is the designated recipient of SFSF funds and has the authority for awarding, disbursing, and monitoring SFSF funds.

Based on our review of the information provided by OSDE, we did not change the finding and conclusion related to the disbursing of ARRA funds in advance of need. We acknowledge that the Assurance Statements and Data Forms were obtained, but they only show the intent of the funds. In any case, the LEAs cannot draw funds and then not expend the funds in a timely manner. As explained by OSDE, the online system to be used for FY 2011 covers only non-

⁷ The online system is MTW Solutions, which is used to enter budget information for grants, and submit reimbursement claims for funds.

payroll expenditures. A majority of ESF funds were used for payroll, and the corrective action does not address the need to ensure that LEAs do not receive funds for payroll expenditures in advance of need.

OSDE did not address the finding or recommendation related to the cash management issues identified for ARRA Title I and IDEA funds.

FINDING NO. 3 – Oklahoma Did Not Ensure Data Reported Were Accurate, Reliable, and Complete

OSDE and OSF did not ensure that all required elements for the first two quarterly reports were accurate, reliable, and complete. OSDE and OSF also did not ensure that the data met the Federal transparency requirements because they did not develop a full disclosure policy or maintain supporting documentation for the information reported.

Incomplete and Inaccurate Information

OSF disbursed \$68 million in SFSF ESF funds to Institutions of Higher Education (IHE[s]) but did not report the IHEs as subrecipients on the quarterly reports. It also did not report the required data element “award period for subrecipients” for the subrecipients of ARRA Title I and IDEA funds. In addition, as noted in Finding No. 1, OSF reported inaccurate information related to SFSF GSF funds. In December 31, 2009, quarterly report, OSF reported that the Executive Office of the Governor distributed \$18.7 million in SFSF GSF funds, and the prime recipient information shows that the funds were spent “on payroll shortages for OWRB.” As discussed in Finding No. 1, we noted that there is adequate documentation to support only \$2.7 million in SFSF GSF funds for OWRB payroll costs. OSF cannot account for \$16 million in SFSF GSF funds drawn down by OSF. We are unable to determine who received the remaining \$16 million in SFSF GSF funds.

OSF inaccurately reported prime vendors in its second quarterly report. OSF distributed all SFSF ESF funds to IHEs and LEAs and did not expend any funds at the State level; as such, no prime vendors should be reported via the quarterly reports. However, Oklahoma City Community College (OCCC) inaccurately reported two vendors as prime vendors that should have been reported as subrecipient vendors of the SFSF ESF funds.

OMB M-09-21, “Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009,” June 22, 2009 (OMB M-09-21), describes the basic reporting requirements for recipients of ARRA funds, including the required data elements for prime recipients, prime recipient vendors, subrecipients, and subrecipient vendors. Section 2.3 states “The prime recipient is ultimately responsible for the reporting of all data required by Section 1512 of the Recovery Act and this Guidance, including the Federal Funding Accountability and Transparency Act (FFATA) data elements for the subrecipients of the prime recipient required under 1512(c)(4).”

Inaccurately Reported Jobs Information

Oklahoma State University's (OSU) calculation of jobs created/retained did not meet the requirements set forth by OMB. OSU calculated jobs created/retained based on salary amounts, not by hours worked. OSU underestimated the number of jobs created/retained for the first two quarterly reports. For the first quarter, we calculated 375.30 FTEs, while OSF reported 256 FTEs. For the second quarter, we calculated 421.95 FTEs, while OSF reported 256 FTEs. Based on OMB guidance, OSU should have calculated jobs created/retained by computing the number of hours worked and paid for by ARRA funds divided by the number of full-time hours.

OSU estimated the number of jobs retained by dividing the total amount of stimulus funds received per campus by the average salaries for each campus, for five of the eight campuses. For the other three OSU campuses, OSU calculated the number of jobs retained by using the total amount of stimulus funds received for that campus minus the total dollar amount of jobs created and then divided by the average salary for that campus. For the jobs created calculation, OSU took the total number of new full-time equivalent faculty positions for FY 2010 and subtracted the total number of reduction in full-time equivalent faculty positions. For example, if OSU created 14 new full-time faculty positions and also had a reduction of 2 faculty positions, OSU would count the jobs created as 12. This was calculated for each campus.

According to OMB M-09-21, "Prime recipients are required to report an estimate of jobs directly created or retained by project, and activity or contract." Additional guidance, OMB M-10-08, "Updated Guidance on the American Recovery and Reinvestment Act Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates," issued on December 18, 2009, changed how the figure for jobs retained/created was to be calculated starting in the second reporting quarter. OMB M-10-08 specifies a formula that recipients and subrecipients are to use in calculating the number of jobs. This formula is based on the number of actual hours worked in jobs paid with ARRA funds in relation to the number of hours representing a full work schedule for the kind of job being estimated.

ARRA Title I Expenditure Reports

ARRA requires States to submit a school-by-school per pupil expenditure report to the Department by March 31, 2010, for LEAs that received ARRA Title I funding. The data are used by the Department to examine the extent to which school-level resources are distributed equitably within and across school districts. OSDE reported the information as required by ARRA but was unable to provide sufficient documentation to the OIG to support the expenditure report. There is no assurance that the data are complete, accurate, reliable, or met reporting requirements.

Full Disclosure of ARRA Funds

OSF and OSDE did not have adequate internal controls in place to ensure transparency and security of data related to ARRA. OMB M-09-21, page 28, states that the subrecipients are to implement internal control measures as appropriate to ensure accurate and complete information.

ARRA guidance recommends that fund recipients fully disclose any material omissions or significant reporting errors. OSDE, the LEAs, and IHE did not have a full disclosure policy that would notify all officials of program requirements and help to ensure the completeness and

accuracy of information. The Department's "Clarifying Guidance on American Recovery and Reinvestment Act of 2009 Section 1512 Quarterly Reporting," issued April 2, 2010, Section IX.1 suggests the following:

If the prime recipient identifies material omissions or significant reporting errors in its reports (or that of its sub-recipients), take action to correct the deficiencies. If the report cannot be corrected or if a known deficiency cannot be remedied, contact the Department to advise it of the deficiencies and the actions being taken to correct the deficiency, and for technical assistance.

ARRA Section 1512 requires recipients to submit quarterly reports on ARRA awards, spending, and job impact. According to the OMB, the reports, which contain specific detailed information on the projects and activities funded by ARRA, will provide the public with an unprecedented level of transparency into how Federal dollars are being spent. The reports will also help drive accountability for the timely, prudent, and effective spending of the ARRA funds.

OMB has instructed Federal agencies to hold ARRA recipients accountable for their reporting obligations.

OSF and OSDE did not have written policies and procedures to verify data prior to reporting to FederalReporting.gov. By not establishing policies and procedures to review the data for accuracy and completeness, OSF and OSDE cannot ensure that data reported meet the transparency requirements of ARRA. OSF and OSDE should establish a system to ensure that all required data for the ARRA grants are reported appropriately.

Additional guidance from OMB M-09-21 Section 4.2 states that the prime recipients and subrecipients should have procedures in place to ensure that data are reported timely and in an effective manner. States should also implement internal controls to ensure the data being reported are accurate and complete. Lastly, the guidance states that a data quality review of the information should be completed to ensure that there are no material omissions and/or significant reporting errors.

Recommendations

We recommend that the Assistant Secretary for OESE in conjunction with the Assistant Secretary for OSERS require —

- 3.1 OSF and OSDE to establish policies and procedures to verify and report required ARRA data elements to include expenditures, jobs created/retained, and vendor information.
- 3.2 OSDE to require LEAs to establish policies and procedures to verify and report required ARRA data elements.
- 3.3 OSDE to provide supporting documentation for the ARRA Title I expenditure reports.

Auditee Comments:

OSF concurred that OCCC should be reported as a subrecipient based on “revised” guidance, and OSF will make the appropriate changes in the next reporting period. OSF also agreed that OSU incorrectly calculated the number of jobs retained/created. OSF agreed to instruct all IHEs to report all future job calculations in accordance with applicable OMB guidance.

OSF did not agree that it reported \$16 million in GSF inaccurately and stated that it provided OIG with sufficient support for the funds. OSF also did not concur that it does not have written policies and procedures to verify the data reported to FederalReporting.gov. OSF stated that it is neither a grantee nor a grantor of SFSF funds and has no contact with subrecipients. OSF stated that it will remind agencies to verify data prior to reporting the information.

OSDE did not concur with our conclusion that the data did not meet reporting requirements for the ARRA Title I expenditure reports. OSDE stated that the report did not require additional supporting documentation and, therefore, it is unsubstantiated that the data were somehow inaccurate.

OIG Response:

OSF did not provide any additional information that caused us to change our conclusion or recommendations. As stated in the OIG Response for Finding No. 1, based on grant documentation, OSF is the designated recipient of SFSF funds and has the authority for awarding, disbursing, and monitoring SFSF funds.

OSDE did not provide any additional documentation to change the finding or recommendation for the ARRA Title I expenditure report. OSDE is correct that it did submit the report as required; however, when the OIG requested support to verify the information in the report, OSDE was unable to provide documentation to support the information in the report. The OIG is not stating that the data are inaccurate, but we were unable to verify the accuracy of the information due to the lack of supporting documentation.

FINDING NO. 4 – Unallowable and Inadequately Documented Costs Found at Some Subrecipients

Subrecipients did not expend some ARRA funds in accordance with applicable laws, regulations, and guidance. We found that one subrecipient used SFSF funds to make an unallowable purchase of a bus, and another subrecipient used SFSF funds to pay for prohibited maintenance of a computer system. In addition, two LEAs could not support a portion of their payroll costs.

Unallowable Costs

A review of OSF SFSF expenditure reports and other documentation revealed that Haywood Public Schools used \$37,613 of its \$39,306 allocation in SFSF ESF funds to purchase a bus. We also found that OCCC used \$30,720 out of its allocation of \$1,995,832 in SFSF ESF funds to purchase a maintenance and support system for its computer mainframe system.

Under Section 14003(b)(3) of ARRA, LEAs may not use SFSF funds to purchase or upgrade vehicles. Further, Section 14004 (c)(1) prohibits the use of ESF funds for the maintenance of systems, equipment, or facilities.

The unallowable purchases went undetected because OSF had not established a review system to ensure that SFSF funds were being expended appropriately and in accordance with applicable laws, regulations, and guidance. In accordance with Section 14008 of the Recovery Act, States receiving SFSF funds must submit an annual report to the Department with certain data as specified by the Department. According to OSF, expenditures for SFSF ESF money will not be reviewed by OSF until the official SFSF Annual Report is submitted to the Department. The SFSF Annual Report is due to the Department on February 18, 2011.

Inadequate Documentation

During our reviews of LEAs, we determined that Edmond and Broken Arrow used IDEA funds to pay salaries of various teachers but did not have sufficient documentation to support \$81,075 in payroll costs. The cost principles of OMB Circular A-87 are used to determine allowable costs for the grants to a State for ARRA Title I and IDEA.⁸ In addition, Appendix B (8)(h)(3) of OMB A-87 requires semiannual self-certifications of time and effort by employees who worked on a single cost objective. Further, Attachment A(C)(1)(j) requires that all expenditures of Federal grant funds be adequately documented. The two LEAs failed to obtain the required self-certification of time and effort for ARRA IDEA funds.

We also identified \$1,395 at Broken Arrow of inadequately supported payroll costs related to SFSF ESF funds. Specifically, Broken Arrow was unable to provide timesheets or employment contracts to sufficiently document that \$1,395 in payroll costs charged to SFSF was reasonable and necessary; however, it has a local requirement that all employees have timesheets and employment contracts. According to the Department's Guidance for Grantees and Auditors for the SFSF program issued on December 24, 2009, expenditures must be "reasonable and necessary and consistent with applicable State and local requirements." The guidance goes on to state that States, LEAs, and IHEs must maintain documentation to support the time and effort of employees paid with SFSF funds in the same manner that it supports the time and effort of individuals performing similar duties who are paid with State or local funds.

OSDE officials stated that it provided training to LEAs on the requirement of self-certification⁹ of time and effort; however, the LEAs failed to obtain the required documentation.

⁸ The cost principles in OMB A-87 are codified in 2 C.F.R. Part 225 (as of August 31, 2005).

⁹ Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Table 4 illustrates the total payroll sampled in comparison to the dollar value of payroll expense that was supported and inadequately supported.

Table 4: ARRA Payroll Expenses				
Fund	Site	Total Payroll Sampled	Supported	Inadequately Supported
IDEA	Edmond	\$66,318	\$0	\$66,318
IDEA	Broken Arrow	\$19,613	\$4,856	\$14,757
SFSF ESF	Broken Arrow	\$89,742	\$88,347	\$1,395
Total		\$175,673	\$93,203	\$82,470

Inadequate Policies and Procedures

The LEAs we reviewed had procedures in place to review and approve expenditures for ARRA Title I and IDEA funds. However, we found weaknesses in the procedures at two LEAs. These weaknesses are not specific to ARRA grant administration, but they do affect the administration of Federal grants generally. Examples of these weaknesses include the following:

- One LEA did not have written policies and procedures for changing the passwords for an existing user of the LEA's computer system.
- One LEA did not have a written policy on awarding sole-source contracts.
- Two LEAs did not have written policies to review the past performance of vendors prior to new contract award.
- One LEA did not have written policies on how to document the bidding process.
- Two LEAs did not have written policies on obtaining self-certifications of time and effort for employees who work solely on a Federal grant.

According to 34 C.F.R. 80.40(a):

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Recommendations

We recommend that the Assistant Secretary for OESE in conjunction with the Assistant Secretary for OSERS require —

- 4.1 OSF to either demonstrate that \$68,333 of unallowable SFSF ESF costs were used for other allowable expenditures under the SFSF program or to return the funds to the Department. In addition, OSF either provides adequate documentation for \$1,395 in inadequately supported payroll costs or returns the funds to the Department.
- 4.2 OSF to establish a review system to ensure that SFSF funds are expended appropriately and in accordance with applicable laws, regulations, and guidance.

- 4.3 OSDE to provide self-certifications of time and effort to adequately support \$81,075 in IDEA payroll costs or return the funds to the Department.
- 4.4 OSDE and OSF to adequately monitor the LEAs that received grant funds in accordance with 34 C.F.R. 80.40.

Auditee Comments:

OSF concurred with our finding that OCCC used SFSF funds for unallowable expenditures and stated that it will deduct the amount from future subrecipient draws until other allowable expenditures are identified. OSF did not concur with the finding related to the unallowable expenditures for Haywood Public Schools. Specifically they disagreed with the finding that the unallowable expenditures occurred because OSF did not have a review system in place to verify the expenditures of the grant. OSF contends that it is OSDE's responsibility to monitor the LEAs and to ensure that all expenditures are allowable. OSF also stated it is not the prime recipient of SFSF funds and is not responsible for the monitoring of the funds. OSF stated that it has reminded State agencies of their monitoring and compliance responsibilities.

OSDE agreed that Haywood Public Schools used SFSF ESF funds for unallowable expenditures and indicated that corrective actions were taken and the funds were subsequently used for allowable payroll expenditures. OSDE stated that once it has received all LEAs' financial records, it will make the data available to OSF. OSDE also stated that it has accurate records to verify the expenditures of SFSF funds and agreed to continue working to ensure expenditures of SFSF grants meet applicable regulations and guidance.

OSDE provided the OIG with copies of the self-certification of time for Edmond and Broken Arrow, for the period January through March 2010, and Broken Arrow for the time period July through December 2009.

OIG Response:

OSF did not provide any additional information that caused us to change our conclusions or recommendations. As stated in the OIG Response for Finding No. 1, based on grant documentation, OSF is the designated recipient of SFSF funds and has the authority for awarding, disbursing, and monitoring SFSF funds.

OSDE did not provide adequate documentation to change the finding and recommendation related to the unallowable expenditure for Haywood Public Schools. OSDE provided us with updated assurance information and computer screen prints to show that \$47,629 in payroll and benefits was charged to SFSF ESF funds in substitution for the unallowable bus purchase. However, we were not provided with documentation to support the reversal of the bus purchase, nor did OSDE provide documentation to support funds were subsequently used for allowable payroll expenditures.

OSDE did provide us with copies of self-certifications of time for Edmond and Broken Arrow. During the review of the employee pay, the OIG reviewed pay for the period of June through

December 2009. The self-certification of time that was provided for Edmond as a response to the draft report was for the period of January through March 2010. The certifications were signed during April and May 2010. Because the self-certifications were not for the time period reviewed by the OIG, we did not make changes to the finding concerning inadequately documented payroll expenses. We were provided with adequate timesheets and self-certification of time for Broken Arrow for some of the employees sampled. We adjusted the finding to report that the district had \$4,855.16 in supported costs and \$14,756.70 in unsupported costs.

OTHER MATTERS

ARRA Programs Should Be Covered by Oklahoma's Treasury-State Cash Management Agreement

Pursuant to the Cash Management Improvement Act of 1990 (CMIA), as amended, Oklahoma and the U.S. Department of the Treasury (Treasury) have a Treasury-State Cash Management Agreement (Agreement) that governs transfers of funds between Oklahoma and Federal agencies for major Federal assistance programs. Major Federal assistance programs are defined as those programs that receive funding in excess of a specific dollar threshold that is calculated for each State. Oklahoma's current Agreement specifies that \$34,379,592 is the major programs threshold. However, Oklahoma's Agreement does not list SFSF, ARRA Title I, or ARRA IDEA awards as major programs, even though they each exceed the \$34,379,592 major program threshold. Treasury regulations implementing the CMIA, 31 C.F.R. § 205.7, require a State to notify Treasury within 30 days of the time the State becomes aware that a change is needed to the Agreement. Such a change would include the addition or deletion of Federal assistance programs that meet the threshold.

The CMIA is designed to protect the interests of both the Federal government and the States. The Agreement specifies funding techniques and interest rates to facilitate efficient transactions and compensate for the lost value of money associated with the transfer of funds. For example, interest may be owed by (1) the Federal government to the State when the Federal grant payments are made after the State uses its own money for program purposes, and (2) the State to the Federal government when Federal grant payments are received by the State before being paid out for program purposes. By not including the ARRA programs in the Agreement, the Federal government and/or Oklahoma may incur unnecessary costs related to the lost value of money associated with the transfer of ARRA program funds and will not be compensated for such costs.

We suggest that Oklahoma notify Treasury that ARRA programs should be added to the CMIA agreement in accordance with the applicable criteria.

SCOPE AND METHODOLOGY

The objectives of our audit were to determine whether the Oklahoma Governor's Office, Oklahoma Office of State Finance, Oklahoma State Department of Education, selected local educational agencies, and selected Institutions of Higher Education ensured that (1) ARRA funds were used in accordance with applicable laws, regulations, and guidance; and (2) ARRA data reported by recipients and subrecipients were accurate, reliable, and complete. Our audit covered the period February 17, 2009, through December 31, 2009.

To accomplish our objectives, we performed the following procedures.

- Reviewed the internal control structure, policies, procedures, and practices OSF and OSDE used to award, expend, and report ARRA funds.
- Examined prior reviews conducted by OIG and reviewed the Oklahoma State Auditor's Office audit documentation supporting their OMB Circular A-133 Single Audit Report for the year ended June 30, 2008.
- Reviewed Section 1512 quarterly reports and identified anomalies and other purchases of interest.
- Reviewed documentation for Haywood Public Schools, Oklahoma City Community College, and at the three LEAs audited to determine the allowability of items purchased using SFSF funds.
- Requested and obtained a list of LEAs and IHEs that received ARRA funding from May 2009 through December 2009.
- Requested and obtained the award documents for the State and selected LEAs and IHE.
- Requested and obtained the monthly expense reports for the selected LEAs from May 2009 through December 2009.
- Requested and reviewed the supporting documentation for all of the expenditures selected for review.
- Reviewed quarterly reports and Title I expenditure reports to ensure they met the requirements of the ARRA grant.
- Assessed internal controls at the State and LEAs over the administration of the ARRA funds and the reporting of data.
- Interviewed Oklahoma State officials and LEA and IHE officials.

To test whether Oklahoma awarded and reported ARRA funds correctly, we selected three LEAs and one IHE to review. The LEAs were judgmentally selected based on a review of past performance, ARRA funds, and other risk based factors. The IHE was judgmentally selected from a list of all IHEs that received ARRA funding. The IHE selected received a large amount of ARRA funds, and at the time of our review, had expended a majority of the allocated amount. We reviewed the expenditures of the grant and tested data to ensure that the data were being reported correctly on quarterly reports.

To test the expenditures of grants, we selected a judgmental sample of expenditures from ARRA Title I, ARRA IDEA, and SFSF. For the IHE, we selected a judgmental sample of payroll costs for SFSF. At the LEAs, we judgmentally selected and reviewed 10 percent of the universe, but

no more than 27 sample items. We selected a separate sample of both payroll and non-payroll for ARRA Title I and IDEA. For SFSF, we selected a sample of payroll expenditures. For the audit of the IHE, we judgmentally selected a sample of 10 expenditures from eight campuses that received funding. For the review of the OWRB, we judgmentally selected the first 10 employees from the list of employees provided. Table 5 provides the universe and sample information for each of the samples reviewed during the audit.

Table 5: Universe and Sample Information for the Audit of the Subrecipients					
	<u>Title I</u> <u>Payroll</u>	<u>Title I</u> <u>Non payroll</u>	<u>IDEA</u> <u>Payroll</u>	<u>IDEA</u> <u>Non payroll</u>	<u>SFSF ESF</u> <u>Payroll</u>
Broken Arrow					
Universe Size (Dollars)	\$831 ¹⁰	\$219,424	\$606,840	\$206,649	\$1,325,010
Sample Size (Dollars)	\$354	\$55,381	\$19,613	\$122,299	\$89,743
Sample Size (number)	5	27	25	12	25
Edmond					
Universe Size (Dollars)	\$141,461	\$18,902	\$779,132	\$128,062	\$1,658,792
Sample Size (Dollars)	\$12,532	\$5,534	\$66,318	\$49,279	\$73,203
Sample Size (number)	8	6	25	7	25
Oklahoma City					
Universe Size (Dollars)	\$81,761	\$540,038	\$582,421	\$767,413	\$3,319,710
Sample Size (Dollars)	\$9,010	\$78,139	\$21,242	\$767,413	\$78,157
Sample Size (number)	25	9	25	10	25
OSU					
Universe Size (Dollars)					\$18,056,900
Sample Size (Dollars)					\$438,274
Sample Size (number)					80
OWRB					
Universe Size (Dollars)					\$2,700,000
Sample Size (Dollars)					\$560,654
Sample Size (number)					10

We also requested information related to the Title I expenditure report from OSDE; however, OSDE was unable to provide us with the documentation we needed to verify the accuracy of the Title I expenditure reports.

¹⁰ The total for Universe and Sample size was small because the funds were expended for stipends only; no salaries were paid.

We conducted our fieldwork at OSDE and OSF the week of November 30, 2009. We also completed audit work at Broken Arrow Public Schools, Edmond Public Schools, Oklahoma City Public Schools, and Oklahoma State University from January 2010 through April 2010. We held an exit conference with Oklahoma State Department of Education officials on July 14, 2010, and the Office of State Finance on July 19, 2010, to discuss the results of the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. To achieve our audit objective for reviewing ARRA transactions, we relied, in part, on computer-processed ARRA Title I, IDEA, and SFSF funds request forms submitted to the OSDE and OSF. We verified the completeness of the data by comparing source records to computer-generated request forms and verified the authenticity by comparing computer-generated request forms to source documents. Based on our testing, we concluded that the computer-processed data were sufficiently reliable for the purpose of our audit.

ATTACHMENT

Timeline of Events for the Transactions of GSF

<u>Date of Transaction</u>	<u>Description of transaction</u>
End of Legislative Session 2009	Oklahoma State Legislature (OSL) agrees to award \$16 million in ARRA Funds to the Oklahoma Tax Commission's Ad Valorem Reimbursement Fund.
7/1/2009	OSF transferred \$33,000,000 in State funds to OSDE.
7/29/2009	Email from State of Oklahoma General Counsel authorizing the drawdown of SFSF funds; \$16 million to the Tax Commission Ad Valorem Reimbursement Fund, and \$2.7 million to OWRB for operations, statutory duties, and water projects.
7/31/2009	The following tracks the ARRA funds from initial deposit: • State Account (190) received a deposit of ARRA funds in the amount of \$18.7 million. • Transfer of the \$18.7 million ARRA funds from the General Account (190) to the ARRA Federal Account (490). • Transferred \$2.7 million from 490 to the OWRB. Journal entries showed \$16 million in 490 funds was sent to the Tax Commission, and according to interviews, the 490 funds were to be used to cover Ad Valorem taxes for the counties and districts. OSF provided us the above information via journal entry transaction documentation.
8/3/2009	Oklahoma Tax Commission disbursed \$16 million in ARRA funds to the counties. (After disbursement of funds, the Oklahoma State Auditor's Office was concerned that districts might use the funds for debt service payments, which is an unallowable expense for the grant.)
8/13/2009	OSDE allocates and disburses \$32,655,000 of the aforementioned \$33 million to more than 530 school districts to purchase textbooks. The remaining funds were used to purchase a system to track the purchase of the books. OSF provided journal entries of the transactions.
9/2/2009	Letter from the Governor to Director of OSF authorizing that the \$16 million be redirected from the Oklahoma Tax Commission to OSDE. The following tracks the movement of funds: • Transfer of \$16 million in ARRA Funds (490) to OSDE from the General State Account (190). • Transfer of \$16 million of ARRA Funds (490) to the Claim Account (340) of OSDE. • Transfer of \$16 million from OSDE (340) fund to the General State Account (190).

	• Transfer of \$16 million from the General State Account (190) to Tax Commission Account (285). Note: OSF did not provide the OIG with journal entries to show the transfer of funds between Oklahoma Tax Commission's 285 account and the Tax Commission ARRA account (490). • Transfer of \$16 million from ARRA Funds (490) from the Tax Commission to the State ARRA Account (490). OSF provided us the above information via journal entry transaction documentation.
9/3/2009	Bulletin from the Oklahoma Tax Commission to the counties that received the 8/3/2009 ARRA disbursements stating the funds sent in August no longer "constitute stimulus money." None of the original funds need to be returned to the Tax Commission. Auditor's Note: Nothing in the bulletin stated the need to recode the funds at the county or district level.
9/30/2009	In the first ARRA quarterly report, OSF reported \$16 million for textbooks and \$2.7 for State water conservation.
12/31/2009	In the second ARRA quarterly report, OSF reported \$18.7 million as lump sum for "Funded monthly payrolls of Water Resources Board to offset current year budget reductions."
1/2010	OWRB was notified by OSF that the ARRA funds cannot be spent on debt. OWRB re-coded funds and used ARRA to pay payroll from July until December 2009. ARRA funds were not recoded until January 2010.
6/2/2010	OIG held discussions with OSDE staff. OSDE staff stated they did not receive any ARRA funds to purchase books. They agree ARRA funds were deposited on 9/2/09, but on the same day OSF withdrew the same amount. OSDE staff stated that the State funds for textbooks were no longer in their account because the funds were distributed to more than 530 districts. Therefore, the funds OSF took out of the account could not be the State funds appropriated for books. OSDE provided a sample of invoices, purchase orders, and checks for the purchase of textbooks. However, neither OSF nor OSDE provided accounting transactions to show that the ARRA funds were deposited into districts accounts and the original funds that are State funds were returned to OSDE. OSDE also was unable to provide grant notification letters or GSF Assurance for the Federal funds.

Enclosure 1:
OSF's Comments on Preliminary Audit Report



MICHAEL CLINGMAN
DIRECTOR OF STATE FINANCE

BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

The Office of State Finance is providing comments of the Draft Audit Report by section:

RESULTS

Page 3, Paragraph 1 – We do not agree with the statement: “We identified \$16 million in State Fiscal Stabilization Fund (SFSF) Government Services Funds (GSF), for which OSF is unable to account for how the funds were expended.”

OSF provided documentation showing where the funds had been transferred to the Oklahoma State Department of Education. The funds will be deducted from future ARRA SFSF draw requests.

We do not agree with the statement: “OSF drew down approximately \$19.2 million in SFSF Education Stabilization Funds (ESF) in excess of LEAs needs.”

OSDE is a State agency and is responsible for communications with, monitoring of, and disbursing funds to LEAs.

Page 4, Paragraph 2 – We do not agree with the statement: “OSF was designated as the prime recipient for SFSF Funds by the Governor and was tasked with awarding and monitoring the funds to ensure they were expended appropriately by State agencies.”

OSF was neither designated as a prime recipient nor awarded any SFSF funds. SFSF funds were awarded by the Governor’s office to other state agencies. Monitoring subrecipients’ use of the SFSF funds is the responsibility of the State agency that last holds the SFSF funds before the funds are disbursed from the State system.

FINDINGS

FINDING NO. 1 – Oklahoma Is Unable to Account for \$16 Million in ARRA Funds

Page 6

We do not agree with the statements: “Oklahoma is unable to account for \$16 million in ARRA GSF funds.” “OSF did not provide adequate documentation for the remaining \$16 million.”

OSF provided documentation showing where the funds had been transferred to the Oklahoma State Department of Education. The funds will be deducted from future ARRA SFSF draw requests.

Page 7

We do not agree with the statement: “As a result of the events described above and the positions taken by OSF... the State of Oklahoma cannot demonstrate with certainty the disposition of \$16 million in SFSF GSF funds.”

OSF provided documentation showing where the funds had been transferred to the Oklahoma State Department of Education. The funds will be deducted from future ARRA SFSF draw requests.

We do not agree with the statement: “Because the subrecipients never received guidance from OSF... “

OSF is neither a grantee nor a grantor, and it has no contact or interaction with subrecipients. OSDE is responsible for communications and monitoring of subrecipients.

Page 7 - Recommendations

1.1

OSF provided documentation showing where the funds had been transferred to the Oklahoma State Department of Education. The funds will be deducted from future ARRA SFSF draw requests.

FINDINGS

FINDING NO. 2 – Oklahoma Disbursed ARRA Funds in Advance of Local School District Need

Page 7

We do not agree with the statement: “OSDE and OSF disbursed ARRA Title I, IDEA, and SFSF ESF funds...” “

OSF is neither a grantee nor a grantor, and it has no contact or interaction with subrecipients. OSDE is responsible for disbursements to, communications with and monitoring of subrecipients.

Page 8

We do not agree with the following statements: “OSF also disbursed SFSF ESF funds in advance of need to the LEAs that received the funds. During September 2009, OSF disbursed a double payment, August and September 2009 payments, of ESF funds to the LEAs, which caused the districts to carry over a monthly balance of ESF funds.”

OSF is neither a grantee nor a grantor, and it has no contact or interaction with subrecipients. OSDE is responsible for disbursements to, communications with and monitoring of subrecipients.

Page 9 - Early Draw Down and Disbursement of SFSF Educational Stabilization Funds

We do not agree with the following statements: “As of December 24, 2009, OSF drew down \$137,221,845 in SFSF ESF funds and disbursed \$117,987,374 (86 percent) to LEAs. We estimated that a total of \$19.2 million in SFSF ESF funds was disbursed to the LEAs prior to need of the funds by the subrecipients. We determined this by comparing the total draw downs by OSF, to the total disbursed to subrecipients as of December 31, 2009.”

OSF is neither a grantee nor a grantor, and it has no contact or interaction with subrecipients. OSF makes SFSF draws based on authorized requests from State agencies which are responsible for communication, monitoring, and disbursing of funds.

We do not agree with the following statement: “However, based on the fact that, as of December 24, 2009, OSF had drawn down \$19.2 million in SFSF ESF funds in excess of the amount it had disbursed to LEAs, we concluded that OSF did not follow the CMA.”

OSF has notified State agencies of the correct funding techniques. State agencies are responsible for making draw requests in accordance with appropriate funding techniques. OSF makes SFSF draws based on authorized requests from State agencies which are responsible for monitoring draw requests, communication, monitoring of use of funds, and disbursing of funds to subrecipients.

Page 9 - Early Draw Down and Disbursement of SFSF Educational Stabilization Funds

We do not agree with the following statements: “OSF has not made adjustments to its draw down and disbursement procedures to accommodate the Federal cash management requirements but instead administers SFSF funds the same as State Aid. By not determining each LEA’s cash position prior to disbursing SFSF cash advances, OSF did not ensure that LEAs were expending the funds timely and not maintaining excess cash. In addition, by drawing down Federal funds and disbursing them in advance of LEAs’ immediate cash needs, there is an additional cost to the U.S. Treasury and an increased risk that SFSF funds might be misused.

OSF has notified State agencies of the correct funding techniques. State agencies are responsible for making draw requests in accordance with appropriate funding techniques. OSF makes SFSF draws based on authorized requests from State agencies which are responsible for monitoring draw requests, communication, monitoring of use of funds, and disbursing of funds to subrecipients.

Page 10 - Recommendations

2.1

As the prime recipient, OSDE has agreed to follow authorized funding techniques of the CMA.

2.2

As the prime recipient, OSDE has agreed to follow authorized funding techniques of the CMA.

2.3

OSF has notified State agencies of the correct funding techniques. State agencies are responsible for make draw requests in accordance with appropriate funding techniques.

As the prime recipient, OSDE has agreed to follow authorized funding techniques of the CMA.

FINDINGS

FINDING NO. 3 – Oklahoma Did Not Ensure Data Reported Were Accurate, Reliable, and Complete

Page 11 - Incomplete and Inaccurate Information

“OSF disbursed \$68 million in SFSF ESF funds to Institutions of Higher Education (IHE) but did not report the IHEs as subrecipients on the quarterly reports. It also did not report the required data element “award period for subrecipients” for the subrecipients of ARRA Title I and IDEA funds. In addition, as noted in finding No. 1, OSF reported inaccurate information related to SFSF GSF funds. In December 31, 2009, quarterly report, OSF reported that the Executive Office of the Governor distributed \$18.7 million in SFSF GSF funds, and the prime recipient information shows that the funds were spent “on payroll shortages for OWRB.” As discussed in Finding No. 1, we noted that there is adequate documentation to support only \$2.7 million in SFSF GSF funds for OWRB payroll costs. OSF cannot account for \$16 million in SFSF GSF funds drawn down by OSF. We are unable to determine who received the remaining \$16 million in SFSF GSF funds.”

Initial OMB guidance stated that ARRA funds that are passed from one State agency to a second (or even a third) State agency before being disbursed from the State accounting system should treat the second (or third) State agency as the prime recipient of ARRA funds. IHEs are State agencies in Oklahoma. OMB and the U.S. Department of Education debated this issue until late in the second reporting period before OMB agreed to allow IHEs to be reported as subrecipients for SFSF awards only. In the next reporting period, Oklahoma IHEs were reported as subrecipients based on the “revised” guidance from OMB.

OSF provided documentation showing where the funds had been transferred to the Oklahoma State Department of Education. The funds will be deducted from future ARRA SFSF draw requests.

“OSF inaccurately reported prime vendors in its second quarterly report. OSF distributed all SFSF ESF funds to IHEs and LEAs and did not expend any funds at the State level; as such, no prime vendors should be reported via the quarterly reports. However, Oklahoma City Community College (OCCC) inaccurately reported two vendors as prime vendors that should have been reported as subrecipient vendors of the SFSF ESF funds.”

The OCCC is a State agency and was considered a prime recipient according to the initial OMB guidance. In subsequent reporting periods, these vendors are reported as subrecipient vendors per the “revised OMB” guidance.

Page 11 - Inaccurately Reported Jobs Information

“Oklahoma State University’s (OSU) calculation of jobs created/retained did not meet the requirements set forth by OMB. OSU calculated jobs created/retained based on salary amounts, not by hours worked. OSU underestimated the number of jobs created/retained for the first two

quarterly reports. For the first quarter, we calculated 375.30 FTEs, while OSF reported 256 FTEs. For the second quarter, we calculated 421.95 FTEs, while OSF reported 256 FTEs.”

The Oklahoma State Regents for Higher Education provided the job calculations for the total ARRA dollars that are to be received by each IHE. The amount reported for each quarter was calculated based on the percentage of total dollars expended by each quarter by each IHE versus the total amount allocated to each IHE. IHEs will be instructed to report future job calculations in accordance with OMB guidance.

Page 12 – Full Disclosure of ARRA Funds

“OSF and OSDE did not have adequate internal controls in place to ensure transparency and security of data related to ARRA. OMB M-09-21, page 28, states that the subrecipients are to implement internal control measures as appropriate to ensure accurate and complete information.”

OSF is neither a grantee nor a grantor, and it has no contact or interaction with subrecipients. OSDE is responsible for disbursements to, communications with and monitoring of subrecipients.

Page 13

We do not agree with the following statement: “OSF... did not have written policies and procedures to verify data prior to reporting to FederalReporting.gov.”

OSF is neither a grantee nor a grantor of SFSF funds. State agencies are considered the prime recipients of these funds. Agencies will be reminded to verify data prior to reporting the information.

Page 13 - Recommendations

3.1

OSF is neither a grantee nor a grantor of SFSF funds. State agencies are considered the prime recipients of these funds. Agencies will be instructed to comply with OMB guidelines going forward.

3.2

OSDE response needed.

3.3

OSDE response needed.

FINDINGS

FINDING NO. 4 – Unallowable and Inadequately Documented Costs Found at Some Subrecipients

Page 14 - Unallowable Costs

“A review of OSF SFSF expenditure reports and other documentation revealed that Haywood Public Schools used \$37,613 of its \$39,306 allocation in SFSF ESF funds to purchase a bus. We also found that OCCC used \$30,720 out of its allocation of \$1,995,832 in SFSF ESF funds to purchase a maintenance and support system for its computer mainframe system.”

OSDE as the prime recipient is responsible for monitoring the draw requests, use of funds including disbursements to subrecipients for the \$37,613 used by Haywood Public Schools. The \$30,720 will be deducted from future draw requests by OCCC until other allowable expenditures are indentified, incurred and reported.

“The unallowable purchases went undetected because OSF had not established a review system to ensure that SFSF funds were being expended appropriately and in accordance with applicable laws, regulations, and guidance. In accordance with Section 14008 of the Recovery Act, States receiving SFSF funds must submit an annual report to the Department with certain data as specified by the Department. According to OSF, expenditures for SFSF ESF money will not be reviewed by OSF until the official SFSF Annual Report is due to the Department which according to a Group Leader of OESE, will not be until January 2011.”

OSF was neither designated as a prime recipient nor awarded any SFSF funds. SFSF funds were awarded by the Governor’s office to other state agencies. Monitoring subrecipients’ use of the SFSF funds is the responsibility of the State agency that last holds the SFSF funds before the funds are disbursed from the State system. Therefore, the OSDE and IHE are State agencies and are responsible for monitoring the use of SFSF funds.

OSF has reminded State agencies of their monitoring and compliance responsibilities. OSF makes SFSF draws based on authorized requests from State agencies which are responsible for monitoring draw requests, communication, monitoring of use of funds, and disbursing of funds to subrecipients and/or vendors.

Page 15 - Recommendations

4.1

The \$30,720 will be deducted from future draw requests by OCCC until other allowable expenditures are indentified, incurred and reported. OSDE as the prime recipient is responsible for monitoring the draw requests, use of funds including disbursements to subrecipients for the \$37,613 used by Haywood Public Schools.

4.2

OSDE response needed.

4.3

OSF has notified State agencies of their monitoring and compliance responsibilities. OSF makes SFSF draws based on authorized requests from State agencies which are responsible for monitoring draw requests, communication, monitoring of use of funds, and disbursing of funds to subrecipients and/or vendors.

OSF will continue to work with State agencies to ensure compliance that SFSF funds are expended appropriately and in accordance with applicable laws, regulations, and guidance.

Sincerely,

/s/

Michael Clingman
Oklahoma Director of State Finance

Enclosure 2:
OSDE's Comments on Preliminary Audit Report



SANDY GARRETT
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
STATE OF OKLAHOMA

The Oklahoma State Department of Education is providing comments of the Draft Audit Report.

RESULTS

The State Department of Education (OSDE) does not agree with the results listed in the Draft Audit Report (ED-OIG/A06K0002) from the Office of Inspector General, U.S. Department of Education.

The OSDE does not agree with the statement “We identified \$16 million in State Fiscal Stabilization Fund (SFSF) Government Services Funds (GSF), for which... unable to account for how the funds were expended.”

OSDE has made adjustment to show SFSF GSF was allocated to the LEAs or subrecipients for textbook expenditures from July 1 through September 30, 2009. Even though OSF provided the SFSF GSF after the allocation and payment of textbook funding was distributed to the subrecipients, it was not until June of 2010 that Oklahoma Legislation (Senate Bill 1566) reduced the state portion of textbook funding. Adjustments have been prepared to account for the subrecipients’ textbook expenditures with SFSF GSF.

The OSDE does not agree with the statement “OSDE and OSF did not follow applicable cash management regulation to ensure subrecipients did not receive funds in advance of need.”

OSDE did follow the applicable cash management regulations by working in conjunction with OSF to request only the amount needed to make each month’s payment. This request was submitted to OSF three days prior to the effective date of payment. These payments were calculated as nine percent (9%) of the subrecipients’ allocation to provide funds for monthly payrolls.

OSDE does not agree with the statement “OSDE and OSF also did not ensure that data reported were accurate, reliable, and complete.”

OSDE did maintain the system for the SFSF Education Stabilization Fund (ESF) and SFSF GSF calculated for the subrecipients. OSDE worked with subrecipients to make sure all data supporting the expenditures was accurate and complete.

OSDE worked with subrecipients to obtain data to support the certification of Time and Effort for IDEA-B funds.

FINDINGS

FINDING NO. 1 – Oklahoma Is Unable to Account for \$16 Million in ARRA Funds (page 6)

OSDE Response: This is inaccurate. An equitable offset was described during the Office of Inspector General's exit conference. Documentation is attached that will substantiate this modification and show that accounting records reflect expenditures were made for allowable textbook expenses. Notification to subrecipients will follow these changes. Official accounting records to include those FY' 10 expenditures of the LEAs would not be submitted until after July 1, 2010.

OSDE provided documentation to show the Subrecipients' revenue and expenditures account for the SFSF GSF for textbooks. Also attached is the SFSF GSF textbook allocation report as well as the report detailing the decrease in the state funding textbook allocation for the appropriate increase in SFSF GSF. The subrecipients' notification will also specify the changes will also be at the local level.

OSDE is providing documentation from Broken Arrow Public Schools and Edmond Public Schools to document Time and Effort certifications for the district employees that were paid with IDEA-B ARRA funds in the amount of \$85,272. The subrecipients also provided this documentation to OIG.

FINDING NO. 2 – Oklahoma Disbursed ARRA Funds in Advance of Local School District Need

OSDE distributed to the subrecipients an amount equal to 18 percent (18%) of the allocation to provide reimbursement for the August and September payroll. OSDE received the required Assurance Statements and Data Forms during the month of August. No recipient received a payment until after the required documentation had been received and approved by OSDE. The SFSF ESF and SFSF GSF were not part of an online system during FY2010, so all documentation was faxed or mailed to OSDE.

OSDE has now established for FY2011 an online system where the subrecipient will budget and submit claims for reimbursement if the LEA is not using SFSF ESF for salaries. To monitor the monthly scheduled payments, the subrecipient will submit quarterly report expenditure reports to confirm the needs are equivalent to the revenue received. If there is some discrepancy, the future payments will be decreased to meet the needs of the subrecipient.

FINDING NO. 3 – Oklahoma Did Not Ensure Data Reported Were Accurate, Reliable, and Complete

Statement (page 12, paragraph 3): "Although the report was submitted, OSDE did not provide us with supporting documentation for the information reported. There is no assurance that the data met reporting requirements or that the data is complete, accurate, and reliable."

OSDE Response: The report did not require additional supporting documentation. Therefore, it is arbitrary and unsubstantiated to state that the data was somehow inaccurate.

FINDING NO. 4 – Unallowable and Inadequately Documented Costs Found at Some Subrecipients

Statement (page 14, paragraph 1): “A review of OSF SFSF expenditure reports and other documentation revealed that Haywood Public Schools used \$37,613 of its \$39,306 allocation in SFSF ESF funds to purchase a bus.”

OSDE Response: Corrective measures were taken upon discovery of expenditure and funds were then subsequently used for allowable payroll expenditures. After all subrecipients’ financial records have been received by OSDE, the data will be available for OSF.

OSDE has accurate records to verify the SFSF ESF and SFSF GSF expenditures by the subrecipients for FY2010. The LEAs were reviewed during the first few months of the SFSF ESF and SFSF GSF systems. At that time the LEAs were trying to separate the different types of ARRA funding and the appropriate requirements.

OSDE will continue to study and operate by the applicable laws, regulations, and guidance associated with SFSF expenditures.

Sincerely,

/s/

Sandy Garrett
Oklahoma State Superintendent of Public Instruction

**Anyone knowing of fraud, waste, or abuse involving
U.S. Department of Education funds or programs
should call, write, or e-mail the Office of Inspector General.**

Call toll-free:

The Inspector General Hotline
1-800-MISUSED (1-800-647-8733)

Or write:

Inspector General Hotline
U.S. Department of Education
Office of Inspector General
400 Maryland Avenue, SW
Washington, DC 20202-1500

Or e-mail:

oig.hotline@ed.gov

Your report may be made anonymously or in confidence.

For information on identity theft prevention for students and schools,
visit the Office of Inspector General Identity Theft Web site at:

www.ed.gov/misused

*The Department of Education's mission is to promote
student achievement and preparation for global competitiveness
by fostering educational excellence and ensuring equal access.*

www.ed.gov