



# FLORIDA DEPARTMENT OF EDUCATION

## Office of Inspector General



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## ARRA Subrecipient Data Quality

### Overview

Funding in the form of subgrants to school districts, colleges and universities account for the majority of Florida's American Recovery and Reinvestment Act (ARRA) awards for education. This review is the fourth in a series of efforts by the Office of Inspector General (OIG) to help ensure the accuracy of data reporting.

We evaluated whether subgrant recipients (subrecipients) are accurately reporting ARRA expenditures and associated full time equivalent (FTE) jobs data to the Department of Education (Department).

Each of the four subrecipients we reviewed is currently reporting accurate data. One subrecipient, Brevard School District, initially used an incorrect methodology for determining and reporting expenditures and FTE jobs. However, this has been corrected and a correct methodology was employed during the third quarter of FY 2009-2010.

### Background

The American Recovery and Reinvestment Act is intended to stimulate the economy, invest in needed programs, and create and save jobs. Awards for both education and stabilization funds total \$3.9 billion. As of the quarter ending June 30, 2010, \$1.9 billion (49% of awards) have been expended by subrecipients. Nearly 28,000 jobs (FTEs) have been created or saved by Recovery Act funding which has supported more than 42,000 actual workers.

Most of the Department's funding has been awarded to 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 the following 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 are an appropriate use of taxpayer dollars. In addition, after the end of each quarter, the Department must submit reports 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	Grant Program	Actual FTE Positions	Grant Award	Grant Expenditures
Brevard County School District	Title I - Disadvantaged Children	57	\$ 8,822,424	\$ 3,032,226
	IDEA, Part B K-12	59	16,856,251	6,352,612
	State Fiscal Stabilization – Education	481	23,619,481	23,619,481
	Title I School Improvement Initiative	0 <sup>1</sup>	345,900	0
H. Lee Moffitt Cancer Center and Research Institute	State Fiscal Stabilization – Government	0 <sup>2</sup>	1,526,584	1,526,584
Lake County School District	Title I - Disadvantaged Children	41	4,601,056	2,183,604
	IDEA, Part B K-12	60	9,548,678	3,964,092
	State Fiscal Stabilization - Education	249	13,067,723	13,067,514
	Workforce Development SFSF - GOV	10	248,397	13,242
Pasco County School District	Title I - Disadvantaged Children	76	10,493,028	4,909,582
	IDEA, Part B K-12	107	14,886,703	6,247,132
	State Fiscal Stabilization - Education	365	22,038,638	22,038,638
	Title II, Part D - Enhancing Education through Technology	1 <sup>3</sup>	329,746	28,172

Source: Florida Department of Education’s Grants Reporting System as of June 30, 2010.

## Summary Results of Subrecipient Reviews

### Brevard School District

In fiscal year 2009-2010, the Brevard School District initially used a beginning teacher’s rate of pay (\$36,000) to calculate and report both expenditures and FTEs.

During the third quarter, Department staff informed the school district that this methodology was not acceptable as it did not identify specific personnel hours and costs funded by ARRA monies. The district then identified specific teaching staff assigned to ARRA projects and reclassified salary and benefits data. FTE counts for the fourth quarter were processed in accordance with Department guidance (total number of hours worked divided by the number of hours in a full-time schedule).

This process resulted in fewer FTEs than initially reported. The district informed us they will amend (reduce) FTEs reported for the fourth quarter.

According to the school district’s project disbursement report (DOE form FA-399), award amounts for the stabilization grant were fully disbursed as of June 30, 2010.

We **recommend** the Department continue to monitor FTEs reported by Brevard School District for compliance with ARRA reporting procedures. In addition, incorrect data previously reported should be revised as directed by federal reporting guidance.

**Management Response:** The Bureau of Contracts, Grants, and Procurement will continue to monitor FTEs reported by Brevard School District. The Office of Management and Budget (OMB) has not yet provided any guidance with respect to correcting prior quarterly reports. We will require Brevard to correct the reports submitted for prior quarters and make appropriate

<sup>1</sup> Zero FTE impact as decision was made to redirect funds to summer instructional programs. Department authorization was obtained during the 4th quarter reporting period.

<sup>2</sup> Grant funds were fully expended during 3<sup>rd</sup> quarter of reporting period, thus no FTE’s were reported during the 4<sup>th</sup> quarter.

<sup>3</sup> Grant award included budget to fund only one salaried position with majority of funds for purchase of computer hardware and software.

revisions to the quarterly reporting system as soon as OMB releases guidance on this subject.

### **Other Subrecipients**

Our tests determined that the FTE positions and expenditures reported by **H. Lee Moffitt Cancer Center and Research Institute, Lake School District**, and **Pasco School District** were accurate and made in accordance with ARRA reporting directives.

### **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 reported for the quarter ended June 30, 2010. We reviewed federal government publications on ARRA requirements as well as guidance and instructions provided to subrecipients by the Department. Four subrecipients were selected for this review: Three school districts and one private non-profit entity. The selection was based on location of subrecipients' offices (central part of state), type of subrecipient, and size of the ARRA awards. Subrecipient grants included in the review were those with larger award amounts and awards of specific interest to Department management. This usually involved review of Title I, IDEA, and State Fiscal Stabilization grants.

For each subrecipient, we requested relevant information that included the written methodology used to compile and calculate the number of jobs impacted, records supporting selected expenditures reported, and calculation documentation to support jobs reported. Information requested was for the quarter ended June 30, 2010.

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

