

Georgia Department of Education

January 8 thru January 13, 2012

Scope of Review: A team from the U.S. Department of Education's (ED) Student Achievement and School Accountability (SASA) Programs office monitored the Georgia Department of Education (GaDOE) the week of January 8 - January 13, 2012. This was a comprehensive review of the GaDOE's administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended: Title I, Part A (Fiduciary Requirements) and Title I, Part D. Also reviewed was Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act (also known as the McKinney-Vento Homeless Education Assistance Improvements Act of 2001).

In conducting this review, the SASA team carried out a number of activities. In reviewing the fiduciary requirements of the Title I, Part A program, the SASA team reviewed compliance with fiscal and administrative oversight requirements of the State educational agency (SEA). During the onsite week, the SASA team visited two LEAs – DeKalb County School System (DCSS) and Atlanta Public Schools (APS).

In its review of the Title I, Part D program, the SASA team examined the State's application for funding; procedures and guidance for State agency (SA) applications under Subpart 1; technical assistance provided to SAs; the State's monitoring plan and activities; SA subgrant plans; and local evaluations for projects in the Georgia Department of Correction, Georgia Department of Juvenile Justice, and the Georgia Department of Behavioral Health. The SASA team examined the SA applications under Subpart 2 in the Troup County School. The SASA team also interviewed the Title I, Part D State coordinator to discuss administration of the program.

In its review of the Education for Homeless Children and Youth program (Title VII, Subtitle B, of the McKinney-Vento Homeless Assistance Act), the SASA team examined the State's procedures and guidance for the identification, enrollment and retention of homeless students; technical assistance provided to LEAs with and without subgrants; the State's McKinney-Vento application; LEA applications for subgrants; and local evaluations for projects in DCSS and APS. The SASA team also interviewed the liaison from a non-subgrantee district, DCSS, and the McKinney-Vento State coordinator to confirm information obtained at the local sites and discuss administration of the program.

Previous Audit Findings: Findings were identified in other program areas.

Previous Monitoring Findings: SASA last reviewed Title I programs in the GaDOE during the week of January 26-30, 2009. SASA identified compliance findings in the following areas for Title I, Part A.

- (1) GADOE did not ensure that its LEAs properly implement policies in regard to English for Speakers of Other Languages (ESOL);

- (2) GaDOE did not ensure that adequate yearly progress (AYP) was calculated for all public elementary and secondary school students based on academic assessments that have been adopted for all public schools;
- (3) GaDOE did not ensure that its report card contained all of the required elements;
- (4) GaDOE did not ensure that LEA report cards contained all of the required elements;
- (5) GaDOE did not provide evidence that its statewide system of support met the requirement of the statute;
- (6) GaDOE did not ensure that all the school parental involvement policies and school-parent compacts contained all of the required elements;
- (7) GaDOE did not ensure that its LEAs notified parents of their right to request information regarding the qualifications of their children's teachers consistent with the statutory requirements;
- (8) GaDOE has not complied with ED's letter dated October 20, 2008 that sets forth a series of required actions to correct the manner in which some of the GaDOE's LEAs are implementing the transportation provision of section 1116(b)(1)(E) of ESEA;
- (9) GaDOE did not ensure that its LEAs follow the statutory requirements for rank ordering schools;
- (10) During interviews with the GaDOE staff, it was determined that the GaDOE included Federal impact aid funds in making maintenance of effort determinations for LEAs; and
- (11) GaDOE did not ensure that its Committee of Practitioners (COP) has the required composition of membership.

Overarching Requirement – SEA Monitoring

A State’s ability to implement fully and effectively the requirements of the ESEA is directly related to the extent to which the SEA is able to monitor regularly its LEAs and provide quality technical assistance based on identified needs. This principle applies across all Federal programs under the ESEA.

Federal law does not specify the particular method or frequency with which States must monitor their grantees, and States have a great deal of flexibility in designing their monitoring systems. Despite the process used, it is expected that States have mechanisms in place sufficient to ensure that States are able to collect and review critical implementation data with the frequency and intensity required to ensure effective (and fully compliant) programs under the ESEA, as amended. Such a process should promote quality instruction and lead to achievement of the proficient or advanced level on State standards by all students.

Met Requirements

Title I, Part A: Fiduciary Responsibilities

Indicator Number	Description	Status	Page
3.1	<p>The SEA complies with—</p> <p>The procedures for adjusting ED-determined allocations outlined in sections 200.70 – 200.75 of the regulations.</p> <p>The procedures for reserving funds for school improvement, State administration, and (where applicable) the State Academic Achievement Awards program.</p> <p>The reallocation and carryover provisions in sections 1126(c) and 1127 of the Title I statute.</p>	Met Requirements Recommendation	5
3.2	<p>The SEA ensures that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program.</p>	Met Requirements Recommendation	5
3.3	<p>The LEA complies with the requirements with regard to: (1) Reserving funds for the various set-asides either required or allowed under the statute, and (2) Allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible attendance area. [§§. 1113, 1116, 1118 of the ESEA and § 200.77 and §200.78 of the Title I regulations]</p>	Met Requirements Recommendation	5
3.4	<p>The SEA ensures that the LEA complies with---</p> <p>The procedures for ensuring maintenance of effort (MOE) as outlined in §1120A and 9021 of the ESEA.</p> <p>The procedures for meeting the comparability requirement as outlined in § 1120A of the ESEA.</p> <p>The procedures for ensuring that Federal funds are supplementing and not supplanting non-Federal sources used for the education of participating children as outlined in §1120A of the ESEA, §1114 of the ESEA, §1115 of the ESEA, and §1116 of the ESEA.</p>	Findings Recommendations Special Note	5
3.5	<p>The SEA ensures that the LEA complies with requirements with regard to services to eligible private school children, their teachers and their families. § 1120 and 9306 of the statute, § 443 of GEPA, and §§ 200.62 – 200.67, 200.77 and § 200.78 of the Title I Regulations.</p>	Met Requirements	N/A

Title I, Part A: Fiduciary Responsibilities

3.1 Allocation and Carryover

Recommendation: ED recommends that the GaDOE ensure that the process for carryover waiver requests (for its LEAs) is clear and timely through all stages of the process. A noticeable lapse in time seems to exist for carryover waiver requests between the LEAs and the GaDOE. DCSS submitted a carryover waiver request to the GaDOE and there seemed to be a lapse in time where all entities were not clear of the status of the request.

3.2 LEA Plan

Recommendation: ED recommends that the GaDOE approve its LEA plans in a timelier manner. LEA Plans are being approved at a time that seems to be much later than the school year begins. For example, in APS, the LEA plan was recently approved in January 2012 and the school year started in August 2011. APS officials stated that this time frame was a little earlier than normal.

3.3 Within District Allocation Procedures

Recommendation: ED recommends that the GaDOE ensure that its LEAs appropriately charge each program's proportionate share with the funding match for the purposes of paying for a single audit. For example, there was a set-aside of \$15,000 designated for the purpose of paying for a single audit for all programs reviewed. The Title I program was one of the programs reviewed by the auditors during the single audit but there were other programs reviewed during the single audit; therefore, the Title I program should have paid for the percentage to which it was reviewed during the audit. After discussions with APS officials, documentation was produced to show the evidence of the single audits being paid for with state and/or local funds.

3.4 Maintenance of Effort, Comparability, Supplement not Supplant, and Internal Controls

Finding (1): The GaDOE did not ensure that its LEAs complied with the requirements for schoolwide expenditures in a schoolwide program. All expenditures used in the implementation of a schoolwide program must be approved through and directly related to the support of strategies included within the required comprehensive needs assessment for schoolwide programs. There is a Title I budget line item in the APS budget where approximately \$242,461 in Title I funds were being used to pay for student admissions to places such as the Georgia Aquarium, and the Botanical Gardens, etc. A discussion was held with APS officials to determine the reasonableness of this budget item. ED staff requested to review this line item in order to assess whether it aligns with the comprehensive needs assessment for the schoolwide schools (with particular emphasis on whether the budget item supports the goal of improving student academic performance and ensuring that students meet the State's academic standards). APS officials did not provide the requested comprehensive needs assessment.

Citation: Section 1114 (b) (1) (A) of the ESEA requires a schoolwide program to include the following components: “A comprehensive needs assessment of the entire school (including taking into account the needs of migratory children as defined in section 1309(2) that is based on information which includes the achievement of children in relation to the State academic content standards and the State student academic achievement standards describes in section 1111(b) (1)”

Attachment A, (C) (1) and (2) of the Office of Management and Budget (OMB) Circular A-87 provides the requirements for federal grants to be used only for purposes that are “necessary and reasonable for proper and efficient performance and administration of Federal awards” and defines reasonable costs as those that “in its nature and amount...does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded”.

Section 80.40(a) of the Education Department General Regulations (EDGAR) requires grantees to “manage 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”.

Further Action Required: The GaDOE must submit documentation to ED showing that APS expenditures for implementation of the schoolwide program (e.g. school admission to various places) align to the comprehensive needs assessment and provide a rationale for why the expenditures for this purpose are reasonable, allocable, and connected to the support of assisting students to achieve proficiency or an advanced status in relation to the State academic content standards. The GaDOE must submit the comprehensive needs assessment for at least two of the schools in APS that are requesting the use of Title I funds to pay for student admissions for SY 2012-2013. If none of the schools in APS are requesting to use Title I funds for student admissions for SY 2012-2013, ED is requesting documentation showing evidence that no schools are requesting to use Title I funds for student admissions to places such as the Georgia Aquarium and the Botanical Gardens. Additionally, ED is requesting that the GaDOE review the comprehensive planning documents for schools operating schoolwide programs in APS and the process GaDOE uses to approve specific line item budget costs within those schools. Based on that review, ED is requesting that GaDOE provide ED an analysis of how those costs align with the comprehensive plan and whether those costs meet the reasonable and necessary standard on OMB circular A-87.

Finding (2): The GaDOE did not ensure that LEA staff with salaries supported through split-funds keep and submit Personnel Activity Reports (PARs) as required by regulation. PARs ensure the work of the staff member’s consistency with the salary percentage distribution and the consistency of the program charged for supporting the salary with the work being performed. DCSS did not produce a PAR for one of its 80/20 split-funded employees with a salary paid in part with Title I funds during the 2011-2012 school year.

Citation: Attachment B, 8.h.(4) of the OMB Circular A-87 provides the requirements for the PARs stating that a distribution of a split-funded staff member's salaries or wages will be supported by personnel activity reports (PARs). Additionally, PARs must meet the following standards:

Reflect an after-the-fact distribution of the actual activity of the employee;
Account for the total activity for which the employee is compensated; be prepared at least monthly and coincide with one or more pay periods; and be signed by the employee.

Further Action Required: The GaDOE must submit evidence to ED that it has informed its LEAs of this requirement. Additionally, the GaDOE must submit a PAR for the split-funded staff members with a salary that is supported in part with Title I funds in DCSS or at least two PARs from any of its LEAs with staff members who are subject to the PAR requirement for the 2012-2013 school year.

Finding (3): The GaDOE did not ensure that its LEAs selected children according to the statute when it used Title I funds to support a preschool instructional program in DCSS. The criteria for Pre-K selection in DCSS do not involve an academic indicator for selecting students for participation in the preschool program. In DCSS, the preschool program is being partially supported with Title I funds. Therefore, Title I requirements apply because Title I funds are being used to help support the preschool program. While Title I funds may be used to complement or extend a preschool program, all Title I requirements apply to the use of Title I funds including student eligibility when this occurs. Eligibility must be determined by the use of multiple, educationally related, criteria such as a developmentally appropriate measure of child development, teacher judgment or interviews with parents. In the case of preschool, poverty may be used as a surrogate for one of the criterion, but at least one other measure of educational need must also be used.

Citation: Section 1115(b) of the ESEA requires the LEA to use multiple, educationally related, objective criteria in selecting children to participate in the Title I program.

Further action required: The GaDOE must provide ED with evidence that it has provided guidance on eligibility for preschool students to all of its LEAs serving preschool children. In addition, the GaDOE must provide ED with evidence that, for the 2012-2013 school year, DCSS has established selection criteria that meet the requirements and that it is following all of the requirements of a Title I program because it is using Title I funds to supplement a preschool program.

Finding (4): The GaDOE did not ensure that its LEAs incurred costs that were reasonable to the operation of the Title I program in its LEAs. For example, there is a Title I budget line item in the APS budget where approximately \$20,520 was being used for cell phone stipends. A discussion was held to determine the reasonableness of this item, and APS officials informed ED officials of the use of this line item citing the use of this item as a "stipend" of approximately \$30 per month for various (approximately 40) staff members. The stipend for the employees seemed to be an arbitrary amount to

receive because it did not appear to be based on the needs of the cell phone plan of the various staff members involved relative to the needs of the Title I program. Thus, there is no apparent justification for the need of the staff members receiving the cell phone stipend.

Attachment A, (C) (1) and (2) of OMB Circular A-87 provides the requirements for federal grants to be used only for purposes that are “necessary and reasonable for proper and efficient performance and administration of Federal awards” and defines reasonable costs as those that “in its nature and amount...does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded”.

Section 80.40(a) of EDGAR requires grantees to “manage 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”.

Further Action Required: The GaDOE must submit documentation to ED showing that APS expenditures for the cell phone stipend (or the direct purchase of a cell phone with Title I funds) has been amended for the 2012-2013 school year if the cell phone stipend expenditure is requested from APS or any of its LEAs using Title I funds for the 2012-2013 school year. Additionally, the GaDOE must submit a justification regarding how the need for cell phones relates to the operation of the Title I program; the criteria used to establish the staff member usage of the cell phone stipend; and the amount of the cell phone stipend if the cell phone stipend is used during the 2012-2013 school year.

If the cell phone stipend is not used during the 2012-2013 school year, the GaDOE must submit evidence to ED of this action.

Recommendation: ED recommends that the GaDOE ensure that its LEAs use strong internal controls when they implement the purchase card (P-card) system. APS is currently using the P-card system to process various items/strategies with Title I funds. Based on discussions with APS officials, the P-card is “housed” at the APS office and the schools request the funding from the APS office. ED staff encouraged APS officials to use extreme caution and establish a strict internal control structure to ensure the proper use of funds.

Special Note: ED will need to further review the grade span groupings found in APS for compliance with the comparability requirement. For example, APS used multiple grade span groupings in its comparability determinations. If ED determines that the current implementation of this requirement is not compliant, then ED will communicate with the GaDOE regarding this issue.

Title I, Part D

Summary of Monitoring Indicators

Neglected, Delinquent or At-Risk of Dropping-Out Program			
Indicator Number	Description	Status	Page
1.1	The SEA conducts monitoring and evaluation of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements and progress toward Federal and State program goals and objectives.	Met Requirements	N/A
2.1	The SEA ensures that State Agency (SA) programs for eligible students meet all requirements, including facilities that operate institution-wide projects.	Met Requirements	N/A
2.2	The SEA ensures that local education agency (LEA) programs for eligible students meet all requirements.	Met Requirements	N/A
3.1	The SEA ensures each State agency complies with the statutory and other regulatory requirements governing State administrative activities, providing fiscal oversight of the grants including reallocations and carryover, ensuring subgrantees reserve funds for transition services, demonstrating fiscal maintenance of effort and requirements to supplement not supplant.	Met Requirements	N/A
3.2	The SEA ensures each LEA complies with the statutory and other regulatory requirements governing State administrative activities, providing fiscal oversight of the grants including reallocations and carryover, and allowable uses of funds.	Met Requirements	N/A

**McKinney-Vento Homeless Education Program
Summary of Monitoring Indicators**

McKinney-Vento Homeless Education Program			
Indicator Number	Description	Status	Page
1.1	The SEA conducts monitoring and evaluation of LEAs with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.	Met Requirements	N/A
2.1	The SEA implements procedures to address the identification, enrollment and retention of homeless students through coordinating and collaborating with other program offices and State agencies.	Met Requirements	N/
2.2	The SEA provides, or provides for, technical assistance to LEAs to ensure appropriate implementation of the statute.	Met Requirements	N/A
3.1	The SEA ensures that LEA subgrant plans for services to eligible homeless students meet all requirements.	Met Requirements	N/A
3.2	The SEA complies with the statutory and other regulatory requirements governing the reservation of funds for state-level coordination activities.	Met Requirements	N/A
3.3	The SEA has a system for ensuring the prompt resolution of disputes.	Met Requirements	N/A