



AUG 2 2002

Control Number ED-OIG/A05-B0011

Dr. T.C. Wallace, Superintendent
Mount Clemens Community Schools
167 Cass Avenue
Mount Clemens, MI 48043

Dear Dr. Wallace:

This Final Audit Report presents the results of our audit of the Title I, Part A, Targeted Assistance Schools Grant (Grant) administered by the Mount Clemens Community Schools District (District) for the July 1, 1997, through June 30, 1998, award year.

AUDIT RESULTS

The District did not comply with applicable regulations in administering the Grant. During the 1997/98 award year, the District used Grant funds to supplant \$110,593 in State and/or local funds to pay salaries for 13 kindergarten teacher assistants; spent \$10,167 for goods and services unrelated to the Grant objectives; and did not provide adequate support for \$338,571 spent on additional goods and services. Details of these costs are shown in Attachment 1, Schedule of Accepted, Questioned, and Unsupported Costs. The District concurred with recommendations 1, 2, and 4 by agreeing to return \$110,593 in questioned Grant funds used to supplant State and/or local funding for 13 kindergarten teacher assistants in the all day kindergarten program; \$10,167 applicable to questioned expenditures unrelated to the Grant objectives; and to obtain periodic certifications in the future. The District did not concur with recommendation 3, which relates to the \$338,571 in unsupported expenditures. The District's comments and our response are addressed in the Recommendation section of this report. The District's written comments are included as Attachment 2 to this report. Because of the voluminous number of attachments included in the District's comments, we have not included them with Attachment 2. However, we will provide copies to the Action Official.

The Elementary and Secondary Education Act of 1965 (Act), Title I, Part A, Section 1115, as it relates to targeted assistance schools, states that a local education agency may use funds received only for programs that provide services to eligible children under subsection (b) identified as having the greatest need for special assistance. Therefore, the District cannot expend Grant funds on goods and services not directly related to serving eligible children. In addition, the District must maintain records to document that it expended funds on goods and services only for eligible children. During the 1997/98 award year, the District used Grant funds to pay for goods and services that were unrelated to the Grant objectives and could not provide adequate support for other goods and services.

The Act, Title I, Part A, Section 1120A(b)(1), states that: “[A] State or local education agency shall use funds received under this part only to supplement the amount of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.” During the 1997/98 award year, the District provided State and/or local funding for all day kindergarten services to all children and, in the absence of Federal funds, would have had to provide State and/or local funding for the salaries for 13 kindergarten teacher assistants. In addition, Grant eligibility determinations were not made until the end of the kindergarten year. The District did not report any eligible Grant children in kindergarten in its Title I Performance Report for the 1997/98 award year.

Office of Management and Budget (OMB) Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments” establishes the principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements. OMB Circular A-87, Attachment B – Selected Items of Cost, provides the principles to be applied in establishing the allowability or unallowability of certain items of cost. Attachment B, Section 11, Compensation for Personnel Services, addresses services paid for wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of OMB Circular A-87 and that the total compensation for individual employees is determined and supported as provided in Subsection h.

Attachment B, Section 11, Subsection h, addresses support for salaries and wages regarding time distribution. Subsection h (3) indicates that where employees are expected to work solely on a single Federal award, 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 semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Subsection h (4) indicates that where employees work on multiple activities, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation, which meets the standards in subsection h (5). Subsection h (5) addresses the standards for personnel activity reports. Subsection h (5) generally indicates that the activity reports must (a) reflect an after-the-fact distribution of the actual activity, (b) account for the total activity, (c) be prepared at least monthly and coincide with one or more pay periods, and (d) be signed by the employee. During the 1997/98 award year, the District did not obtain periodic certifications or personnel activity reports to adequately support personnel compensation charged to the Grant. The District would need such support because some employees worked on more than one Federal award and some activities that employees worked on were not Grant related and therefore were unallowable.

Using Grant funds to supplant State and/or local funds and purchase goods and services unrelated to the Grant objectives reduces the amount of Grant funds available to provide services to eligible children. This could have an adverse affect on the State’s ability to ensure children meet the student performance standards expected of all children. Further, without adequate support for personnel compensation or other goods and services, we were unable to accurately determine the correct amount that the District should have charged the Grant.

RECOMMENDATIONS

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education instruct the State Education Agency to:

1. Return \$110,593 in Grant funds the District used to supplant State and/or local funding for the 13 kindergarten teacher assistants in the all day kindergarten program,
2. Return \$10,167 applicable to questioned expenditures unrelated to the Grant objectives,
3. Return \$338,571 applicable to unsupported expenditures or provide support acceptable by the U.S. Department of Education (Department), and
4. Obtain periodic certifications and/or personnel activity reports in the future.

AUDITEE COMMENTS

The District concurred with recommendations 1, 2, and 4. The District agreed to return \$110,593 in questioned Grant funds used to supplant State and/or local funding for 13 kindergarten teacher assistants in the all day kindergarten program; \$10,167 applicable to questioned expenditures unrelated to the Grant objectives; and to obtain periodic certifications in the future. In addition, the District replaced the Title I Director and provided in depth training on Title I rules and regulations. The District did not believe that it supplanted Title I funds but was unable to gather sufficient documentation to show that it did not supplant State and/or local funding from other sources.

The District did not concur with recommendation 3 applicable to \$338,571 in unsupported expenditures. The unsupported expenditures related to salaries of \$197,458; fringe benefits of \$73,436; purchased services of \$61,176; and supply costs of \$6,501.

As it relates to salaries, fringe benefits, and purchased services, the District acknowledged that it was unaware of the requirement for certifications and understands that the costs for employees without certifications might be disallowed. However, the District provided certifications for 8 of 29 staff and other documentation as support.

As it relates to supply costs of \$6,501, the District was not able to gather enough specific documentation to support the amount of supplies. However, the District agreed to return \$4,336 because it believes Title I children utilized a portion of these supplies. The District prorated the unsupported supplies cost based on 400 Title I children enrolled at buildings with enrollment totaling 1,201 children.

OIG RESPONSE

For recommendation 3, as it relates to salaries, fringe benefits, and purchased services, we reviewed the certifications and other documentation provided as support. After our review we concluded that the certifications were not contemporaneous because they were signed in April 2002. We had previously reviewed most of the other documentation provided by the District as support during our fieldwork. Therefore, we have not changed our opinion. We will provide the certifications and other documentation provided by the District to the Action Official.

For recommendation 3, as it relates to supply costs, the District did not provide any additional supporting documentation. Therefore, we have not changed our opinion.

BACKGROUND

The Elementary and Secondary Education Act of 1965, Title I, Part A, provides supplemental financial assistance to local educational agencies through State educational agencies to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

A targeted assistance school, primarily addressed in Section 1115 of Title I, Part A, is one that receives Part A funds, yet is ineligible or has chosen not to operate a Title I schoolwide program. The term "targeted assistance" signifies that the services are provided to a select group of children—those identified as failing, or most at risk of failing, to meet the State's challenging content and student performance standards—rather than for overall school improvement, as in schoolwide programs. Like schoolwide program schools, the goal of a targeted assistance school is to improve teaching and learning to enable Part A participants to meet the challenging State performance standards that all children are expected to master. To accomplish this goal, a targeted assistance program must be based on effective means for improving achievement of participating children; use effective instructional strategies that give primary consideration to extended-time strategies, provide accelerated, high-quality curricula, and minimize removing children from the regular classroom during regular school hours; coordinate with and support the regular education program; provide instruction by highly-qualified and trained professional staff; and implement strategies to increase parental involvement.

A targeted assistance school differs from a schoolwide program school in several significant respects:

- Part A funds may be used in targeted assistance schools only for programs that provide services to eligible children identified as having the greatest need for special assistance.
- Part A funds must be used for services that supplement, and do not supplant, the services that would be provided, in the absence of the Part A funds, from non-Federal sources.
- Records must be maintained that document that Part A funds are spent on activities and services for only Part A participating students.

One of the primary differences between schoolwide program schools and targeted assistance schools is the requirement that the latter may use Title I, Part A funds only for programs that provide services to eligible children identified as having the greatest need for special assistance. Targeted assistance schools, therefore, may not provide services to all children in the school or in particular grades.

For the 1997/98 award year, the District received a State approved Grant budget of \$794,766. During the award year, the District charged \$510,023 to the Grant related to salaries, fringe benefits, supplies, and purchased services. The District did not spend the remaining \$284,743 budget amount during the award year.

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the District used the Grant funds during the 1997/98 award year to (1) provide services to eligible children and (2) supplement, not supplant the regular education services normally provided. To accomplish our audit objective we:

1. interviewed District, State, and Department officials;
2. reviewed Grant application and approval documentation;
3. reviewed relevant accounting records and available supporting documentation maintained by the District;
4. reviewed audit reports prepared by independent Certified Public Accountants under OMB Circular A-133 for the years ended June 30, 1997, 1998, and 1999; and
5. reviewed the 1997/98 Title I Performance Reports submitted by the District.

To achieve our audit objective, we relied in part on computer-processed data contained in the District's database. We performed a limited reliability assessment by comparing selected computer data to source records. We also relied on work performed by Independent Public Accountants under OMB Circular A-133. Based on the work performed, we concluded that the data was sufficiently reliable to be used in meeting the audit objective.

We reviewed the District's Title I Grant salary expenditures for the award year ended 1998, which totaled \$201,036 for 18 District personnel. We judgmentally tested a sample of 3 employees' salaries totaling \$115,338 to determine whether the expenditures were accounted for accurately and properly supported. We judgmentally reviewed \$48,127 of the District's Title I Grant fringe benefit expenditures for the award year ended 1998, which totaled \$74,493 for 8 District personnel. We reviewed health insurance costs for 2 employees and recalculated the expenditures for retirement, employer social security, and employer workmen compensation for all 8 employees to determine whether the expenditures were accounted for accurately and properly supported. We reviewed the District's Title I Grant purchased services and equipment repair expenditures for the award year ended 1998, that included \$110,593 for 13 kindergarten teacher assistants; \$60,376 for 11 teaching aides; \$20,309 for other services; and \$118 for equipment repair expenditures, which totaled \$191,396. We judgmentally selected a sample of 13 kindergarten teacher assistants' salaries totaling \$110,593; 11 teaching aides' salaries totaling \$60,376; and 5 other services expenditures totaling \$5,525 to test whether the expenditures were

accounted for accurately and properly supported. We reviewed the District's Title I Grant supply expenditures for the award year ended 1998, which totaled \$43,098. We judgmentally selected a sample of expenditures totaling \$36,169 to test whether the expenditures were accounted for accurately and properly supported.

Details for the results of our testing are shown in Attachment 1, Schedule of Accepted, Questioned, and Unsupported Costs.

We conducted our audit at the District's offices in Mount Clemens, Michigan, from March 20, 2001, through May 4, 2001. We had follow-up contact with a District official on March 6, 2002. We performed our work in accordance with government auditing standards appropriate to the scope of review described above.

STATEMENT ON MANAGEMENT CONTROLS

We reviewed the District's management controls over its administration of the Grant. Specifically, we reviewed controls over requesting, accounting for, and using Grant funds. We performed our assessment to determine the level of risk exposure that significant noncompliance with the laws and regulations occurred, and to determine the extent of testing needed to accomplish the audit objectives.

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, our assessment disclosed significant management control weaknesses that adversely affected the District's ability to administer the Grant. These weaknesses and their effects are discussed in the **Audit Results** section of this report.

ADMINISTRATIVE MATTERS

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 Department of Education officials.

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 Department of Education official, who will consider them before taking final action on the audit:

Susan Neuman, Assistant Secretary
Office of Elementary and Secondary Education
Federal Building No. 6
400 Maryland Avenue, S.W.
Room 3W315, Mail Stop 6100
Washington, DC 20202

OMB Circular A-50 directs Federal agencies 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 greatly appreciated.

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

Sincerely,

A large black rectangular redaction box covering the signature of Thomas A. Carter.

Thomas A. Carter
Assistant Inspector General for Audit

Attachments

cc: Superintendent of Public Instruction
Michigan Department of Education

SCHEDULE OF ACCEPTED, QUESTIONED, AND UNSUPPORTED COSTS

CATEGORY	ACCEPTED	QUESTIONED	UNSUPPORTED	TOTAL
Personnel				
District Salaries (1)(2)	\$0	\$3,578	\$197,458	\$201,036
Purchased Services (3)	<u>0</u>	<u>110,593</u>	<u>0</u>	<u>110,593</u>
Total Personnel	0	114,171	197,458	311,629
Fringe Benefits (1)(2)		1,057	73,436	74,493
Purchased Services (4)(5)	16,159	3,350	61,176	80,685
Supplies (6)(7)	34,415	2,182	6,501	43,098
Equipment Repair	<u>118</u>	<u>0</u>	<u>0</u>	<u>118</u>
TOTALS	<u>\$50,692</u>	<u>\$120,760</u>	<u>\$338,571</u>	<u>\$510,023</u>

- (1) The questioned amounts represent salaries and fringe benefit costs for activities that did not relate to Grant objectives. The District used Grant funds to pay for 100 percent of a secretary's salary and fringe benefits when the secretary stated only 75 percent of her activities were Grant related. This is in violation of the Act, Title I, Part A, Section 1115.
- (2) The unsupported amounts represent salary and fringe benefit costs that lacked support to show that activities performed were related to Grant objectives. The District did not obtain periodic certifications or personnel activity reports for employees that worked on the Grant. OMB Circular A-87 requires periodic certifications and/or personnel activity reports to support salaries and wages charged to the Grant.
- (3) The questioned amount represents wages charged to the Grant to pay 13 kindergarten teacher assistants. The District expanded its kindergarten program from a half day to a full day. Based on documents provided, the District's general plan was to assign each kindergarten teacher three assistants for approximately 60 children. The 60 children were divided into two groups of 30 (Group A and Group B). In the morning, the kindergarten teacher and one assistant worked with Group A and two assistants worked with Group B. In the afternoon, they switched groups. The teacher/assistant worked with Group B and the assistant/assistant worked with Group A. The assistant/assistant team would teach using the regular teacher's lesson plan.

District records indicate that there were five kindergarten teachers. Three were assigned nine assistants and rotated as describe above. One was assigned two assistants and rotated as described above. One was assigned one assistant and they stayed with the same children all day.

Based on interviews and available documentation describing the District's implementation of the all day kindergarten program, the District supplanted State and/or local funding in violation of the Act, Section 1120A(b)(1). This is particularly evident with the assistant/assistant group that used the regular kindergarten teacher's lesson plan. In addition, one of the assistants provided services to all children as a regular kindergarten teacher would. The District must use State and/or local funding to provide the all day kindergarten program to all children prior to using Grant funds to supplement the program. The District did not use State and/or local funds to provide services to all kindergarten children before using the Grant program funds. Therefore, the Grant funds were used by the District to supplant State

and/or local funds, which should have been used. The reasons for implementing the all day kindergarten seem to be financially motivated. For example, the District expanded the kindergarten to help reduce the deficit it faced, reduce layoffs, reverse declining enrollments, and maximize use of classroom space.

The all day kindergarten program was open to all children and the District did not make Grant eligibility determinations until the end of the kindergarten year. The District did not report any eligible Grant children in kindergarten in its Title I Performance Report for the 1997/98 award year.

- (4) The questioned amount represents the costs for purchased services not directly related to serving eligible Grant children, which is in violation of the Act, Title I, Part A, Section 1115. The District used Grant funds to pay for registration and travel expenses for several District employees to attend a North Central Association conference. None of the District participants attending were employees related to Grant activities. A District official informed us that the conference was attended as part of the District's planned move to a schoolwide Grant program the following year. Therefore, the costs associated with the conference were not related to helping eligible Grant children meet the student performance standards.
- (5) The unsupported amount represents costs for purchased services related to 11 teaching aides and a workshop. The District did not obtain periodic certifications or personnel activity reports needed to show that the work performed by teaching aides was Grant related. In addition, the District could not provide adequate support to demonstrate the Teacher & Support Staff Workshop was Grant related. OMB Circular A-87 requires periodic certification and/or personnel activity reports to support salaries and wages charged to the Grant. In addition, without adequate support for the workshop attended, we are unable to determine whether the District complied with the Act, Title I, Part A, Section 1115.
- (6) The questioned amount represents expenditures for supplies that did not relate to the Grant objectives, which is in violation of the Act, Title I, Part A, Section 1115. The District purchased a software package. A District official informed us that the software was purchased as part of the District's planned move to a schoolwide Grant program the following year. Therefore, the costs were not related to helping Grant eligible children meet the student performance standards.
- (7) The unsupported amount represents supply costs charged to the Grant without adequate documentation to show the costs were related to the Grant objectives. For example, the District purchased 500 Science Fair ribbons for Seminole Elementary School. However, there were only 156 eligible Grant children at Seminole. There were also expenditures for scholastic readers in math, science, and reading that appear to benefit both Title I and non-Title I children. Without adequate support we are unable to determine whether the District complied with the Act, Title I, Part A, Section 1115.



Venkat R. Saripalli, Assistant Superintendent for Business and Operations
(586) 469-6100, ext. 1290 • Fax Number (586) 469-5569
May 8, 2002

Richard J. Dowd
Regional Inspector General for Audit
Department of Education – Office of Inspector General
111 North Canal, Suite 940
Chicago, Illinois 60606-7204

RE: Mount Clemens Community Schools Draft Audit Report for the July 1, 1997
through June 30, 1998 award year
Control Number ED-OIG/A05-B0011

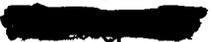
Dear Mr. Dowd:

This letter is in response to the Draft Audit Report sent by Thomas A. Carter, Assistant Inspector General for Audit, and received in our office April 11, 2002. Mr. Carter asked we review the report and provide written comments on the findings and recommendations.

We are very proud of our District and the services we provide to our students. We have wonderful staff that genuinely cares about our children. We feel that we make a good faith effort and strive to follow all federal and state regulations related to our grants. We continuously look for ways to improve and feel we have made tremendous strides in many areas, including our processes surrounding the monitoring of our federal grant activities. Children who were failing or most at risk of failing were identified for the 1997-1998 fiscal year and Title I services were provided specifically to this group of identified children. Returning 100% of the monies expended/charged to the Title I grant for that year would be like saying these children were not served. Therefore, we must respectfully state that we do not concur with all of your findings and recommendations.

The second paragraph under 'Audit Results' indicates that we did not provide you with a management representation letter. We did provide you with a management representation letter on your last day of auditing in our administration building. Subsequently, we noted that the letter was left behind; therefore, we mailed it to you. Attached is a copy of the management representation letter we mailed to you. Also attached is our response to each of your Recommendations and Schedule of Accepted, Questioned and Unsupported Costs.

Respectfully submitted,


Venkat Saripalli
Assistant Superintendent for Business Services

cc: Dr. T. C. Wallace, Jr.
Superintendent of Schools

**Mount Clemens Community Schools
Title I, Part A, Targeted Assistance Schools Grant
July 1, 1997 through June 30, 1998
Control Number ED-OIG/A05-B0011**

**Response to 'Recommendations' outlined on page 3 of your letter and the
'Schedule of Accepted, Questioned and Unsupported Costs' attachment:**

- **Recommendation #1, Cost Schedule (3)**
Response – While we believe that the District did not supplant Title I funds, we were unable to gather sufficient documentation to show the District did not supplant state/local funding from other sources. Therefore, we agree to return \$110,593 of reimbursed Title I funds.

Correction Action – We recently replaced the Title I Director with an individual from within the District to oversee Title I activities. She has met with state officials and attended in depth training on Title I rules and regulations. She is revising our documentation process.
 - **Recommendation #2, Cost Schedule (1)**
Response – We were unable to obtain specific time/activity records to substantiate 100% of the secretary's salaries and related fringe benefits. Therefore, we concur with your recommendation to return the \$3,578 and \$1,057 reimbursed for salaries and fringe benefits, respectively.

Correction Action – The District has implemented a policy, beginning with the 2001/2002 fiscal year, whereby all Title I employees, or their supervisor having first hand knowledge of the work performed by the employee, must sign a certification semi-annually indicating the time spent on the program.
 - **Recommendation #2, Cost Schedule (4 & 6)**
Response – Based on guidance from certain state officials, it was our understanding that costs associated with moving to a Schoolwide program were allowable. It was not the District's intention to incur costs that were not related to helping eligible children. We believe our Schoolwide program, which was implemented subsequent to the 1997/1998 school year is successfully helping our children. Therefore, we concur with your recommendation to return the \$3,350 reimbursement for purchased services and \$2,182 reimbursement for supplies.

Correction Action – The District official overseeing the Title I program has attended conferences related to Title I and will continue to be educated on allowable costs, programmatic activities, etc.
 - **Recommendation #3, Cost Schedule (7)**
Response - We were unable to gather enough specific documentation to support the amount of these supplies used by Title I students. However, Title I children did utilize these supplies. Therefore, given there were approximately 400 Title I students at the particular buildings of 1201 students, we feel it is reasonable to prorate the \$6,501 of unsupported costs, which equates to an accepted amount of \$2,165 and we will return \$4,336.
-

Correction Action – The District official overseeing the Title I program has attended conferences related to Title I and will continue to be educated on allowable costs, programmatic activities, etc.

➤ *Recommendation #3, Cost Schedule (2)*

Response – We believe that the documentation we provided in this correspondence supports the salary/wages and related fringes for individuals who performed services for Title I children. Your letter indicates that charges for their salaries and wages related to employees who work solely on a single Federal award, will be supported by periodic certifications signed by the employee or supervisory official. We strive to comply with all federal requirements and we were unaware of the requirement for certifications.

Our understanding, in part, is based upon the 1997/1998 *Michigan School Auditing Manual*, Section III, (issued by the Michigan Department of Education) the following is required (see attached excerpts):

- District considerations on page 3.5, item 3 addresses allowable expenditures related to "time/salaries" and does not indicate that certifications must be obtained
- Audit considerations on page 3.5, item V.A.1.b. and c. indicates expenditures must be consistent with the approved application and that staff salaries are supported by schedules or time logs documenting time spent on Title I activities

For staff spending 100% of their time servicing Title I children during 1997/1998, they were hired in that capacity in prior years. Annually, the Title I application and budget is submitted detailing the staff that will work on that program. We believe the contemporaneous evidence we have provided supports the salary/wages and related fringe benefits. We have worked diligently to gather as much supporting documentation as possible for the costs charged. Please see the attached schedule of specific individuals, which you initially provided. For each employee for whom we are providing evidence that they spent 100% of their time providing Title I services to Title I children, we have listed a 'reference number'. This number refers to the additional packets of information we have enclosed. In addition, we have provided a statement titled "Title I Program Description" from one of the building principal's during the year in question.

The information packets include certifications signed by the employee or their direct supervisor with knowledge of the work performed by the employee. The signers acknowledge the time spent on Title I and are aware that if any statement is untrue, it may be a violation of law. We are also sending copies of the employee logs that were filled out by the teachers and logs that were filled out daily by the teacher aides. The teacher aides also have a schedule of the time of day they entered each class and a list of the Title I students served in those classrooms. In addition, we enclosed personal affidavits from the two teachers on the listing stating that 100% of their time was spent serving Title I students. We feel the salaries and related fringe benefits are supported by the certifications and other contemporaneous evidence.

Please note that if an employee does not have a 'reference number', we were unable to gather supporting documentation, and, in most of these cases, the individual is no longer employed by the District and was not available to complete a certification. While we are confident these individuals performed Title I services, we understand that costs for these particular individuals might be disallowed.

Correction Action – We recently replaced the Title I Director with an individual from within the District to oversee Title I activities. She has met with state officials and attended in depth training on Title I rules and regulations. She is revising our documentation process.

➤ *Recommendation #3, Cost Schedule (5)*

Response – Similar to the immediately preceding item, we have worked diligently to gather supporting documentation for the costs charged. Your cost schedule item (5) is also for individual's time spent servicing Title I students, but they were individuals provided by an outside contract employee service company. Please see the same schedule as above, which includes the specific names of individuals. Again, for each person for whom we are providing evidence that they spent 100% of their time providing Title I services to Title I children, we have listed a 'reference number'. This number refers to the additional packets of information we have enclosed. Our documentation includes certifications signed by the specific person or their direct supervisor with knowledge of the work performed by that person. The persons signing the certifications know that if any portion is untrue, this may be a violation of law. We are also sending copies of the logs maintained by the teachers and logs that were filled out daily by the teacher aides. The teacher aides also have a schedule of the time of day they entered each class and a list of the Title I students served in those classrooms. We feel the purchased service costs for the persons indicated are supported by the certifications and/or other contemporaneous evidence.

Please note that if a person does not have a 'reference number', we were unable to gather supporting documentation and, in most of these cases, the individual is no longer providing services to the District and was not available to complete a certification. While we are confident these individuals performed Title I services, we understand that costs for these particular individuals might be disallowed.

Correction Action – We recently replaced the Title I Director with an individual from within the District to oversee Title I activities. She has met with state officials and attended in depth training on Title I rules and regulations. She is revising our documentation process.

The district must establish procedures for determining and maintaining comparability. The district is responsible for documenting its comparability status at least once every two years.

Comparability is determined by comparing the per pupil expenditures for instructional staff or the instructional staff/pupil ratios between equivalent grade span schools within the district. The variation between the average per pupil expenditures or the instructional staff/pupil ratios for the buildings being compared may not exceed 10 percent.

Reference: Volume 34 CFR: Sec. 200.63 (1995)

3. Time/salaries spent working on Title I must be documented for co-funded staff. Acceptable methods include written schedules if followed on a regular basis (e.g., teachers and paraprofessionals) or periodic representative sample logs for staff whose Title I time is variable (e.g., directors, secretaries, counselors). 

V. AUDIT CONSIDERATIONS

The following suggested audit procedures are not to be considered all inclusive or a substitute for professional judgment. Rather, these procedures, along with those listed in the compliance supplement, are to help the auditor perform compliance procedures in an efficient and effective manner in accordance with professional standards and federal guidelines.

In addition to the federal general requirements applicable to all federally funded programs, areas to consider in planning procedures to test internal control structure and compliance with specific administrative requirements are as follows:

A. Types of Services Allowed

1. Review expenditure records and supporting documentation to ensure:
 - a. In targeted assistance schools, funds have been used for activities designed to serve children who are failing or most at risk of failing to meet State performance standards. These children have been identified for assistance based on local assessments related to the core academic curriculum. Different children may be served over the course of the year as needs are identified through ongoing assessment.
 - b. Expenditures are consistent with the approved application. 

c. Staff salaries are supported by schedules or time logs documenting time spent on Title I activities. 

B. Eligibility and Allocation of Funds

1. Review adequacy and system of determination of attendance areas having the highest concentrations of low income families.
2. Review allocation of funds to schools for compliance with Title I formula.

C. Matching, Level of Effort, and/or Earmarking Requirements

1. There are no matching requirements.
2. Maintenance of effort is done at the State level.
3. Review documentation/procedures that exist to ensure the supplement versus supplant requirement has been met.
4. Comparability
 - a. Determine whether the district has established procedures for determining and maintaining comparability.
 - b. Determine if the district determines its comparability status every two years.
 - c. Determine if the district's computation of comparability is accurate.

D. Reporting Requirements

1. There are no federal financial reports for the auditor to review. However, reports filed with the State should be tested consistent with the federal financial report's general requirement.

Verify that reports agree with district detail records and that allocation of costs within the reports is appropriate, including the DS-4044 "Final Expenditure Report."

2. Further information regarding reports can be found in the Michigan School Auditing Manual and Bulletin 1022, Section VII, Part A.
3. If this program is tested, auditors are required to test the Special Tests and Provisions applicable to this program, as discussed in part F below.



Cecelia Weathers, Assistant Superintendent for Elementary Education
(586) 469-6100, ext. 1214 Fax Number (586) 469-5569

Title 1 Program Description 1997-1998 School Year

For the 1997-98 school year I was an elementary principal in the Mount Clemens Community School District. During that year the elementary buildings in the District were all Title 1 with a "targeted assistance" program.

The following is a brief description of how the Title 1 program was implemented.

In the spring of 1996 a Needs Assessment was done. Students with the greatest need in the areas of Reading and/or Math were identified. A Title 1 list was made identifying the students most in need of service.

A Title 1 coordinator and a group of Title 1 instructional aides maintained a list of students and went into the classrooms using the "push-in" model to provide service and support to the identified Title 1 students. The aides were assisted with schedules and lesson plans by the Title 1 coordinator. Ms. Joann Angileri was the coordinator at Seminole Elementary and Ms. Janet Stanley was the coordinator at Washington Elementary. The building principals met weekly with the Title 1 staff in order to check the progress of the students who were being targeted for assistance.

The "push-in" model allowed the aides to interact with the targeted students in their classroom environment. They were able to interpret, assist and modify lessons for these Title 1 students.

The Title 1 coordinator supervised a regular assessment program for the students so that lessons could be monitored and adjusted to meet their needs. The principal and the classroom teachers were provided with feedback on the students' progress.

Cecelia Weathers
Assistant Superintendent for Elementary Education
May 6, 2002

97-98 title 1 audit identification

Reference number	Personnel	Questioned Costs	Unsupported Costs	Comments
District Salaries				
1	[REDACTED] 10/3/97-11/14/97		10,970.95	No periodic certification to support Title 1 Dir 100%
2	[REDACTED] 5/1/98-6/26/98		18,202.00	No periodic certification to support Title 1 Dir 100%
3	[REDACTED] 7/1/97-6/30/98		48,170.00	No periodic certification to support Title 1 teach 100%
4	[REDACTED] 7/1/97-6/30/98		59,258.00	No periodic certification to support Title 1 teach 100%
5	[REDACTED] 10/31/97-6/26/98	3,577.62	10,732.86	s/b 75%, no personnel activity reports
6	[REDACTED] 10/3/97-6/12/98		10,749.56	No periodic certification to support Title 1 aide 100%
7	[REDACTED] 10/03/97-8/21/98		7,909.58	No periodic certification to support Title 1 aide 50%
8	[REDACTED] 10/3/97-1/23/98		3,456.84	No periodic certification to support Title 1 aide 100%
9	[REDACTED] 10/3/97-8/21/98		11,367.16	No periodic certification to support Title 1 aide 100%
10	[REDACTED] 10/3/97-8/21/98		16,449.98	No periodic certification to support Title 1 aide 100%
	[REDACTED] 12/12/97		29.86	No personal activity report
	[REDACTED] 6/12/98		161.75	No personal activity report
	Total District Salaries	3,577.62	197,458.54	
Purchased Services- Salaries				
	[REDACTED]	7,145.36		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,310.30		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,933.98		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,909.70		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,518.31		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	6,015.00		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	4,135.01		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	10,513.41		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,774.95		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,384.86		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	9,387.12		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	10,309.07		Supplanting state funds for all day kindergarten-no personnel act report
	[REDACTED]	5,255.45		No personnel activity report
	Total Purchased Services - Salaries	110,592.52	-	
Fringe Benefits				
3	[REDACTED]			Health
4	[REDACTED]		16,350.78	Health
6	[REDACTED]			Health
7	[REDACTED]			Health
10	[REDACTED]		8,826.04	Health
5	[REDACTED]	1,056.85	3,170.54	Health
1	[REDACTED]		1,202.07	Health
2	[REDACTED]		2,131.18	Health
	Salaries @ .1112		22,355.19	retirement
	Salaries @ .0765		15,379.25	Social Sec
	Salaries @ .02		4,020.72	Work Comp
	Total Benefits	1,056.85	73,435.77	
Purchased Services				
	North Central Association	03/13/1998	1,080.00	NCA conference reg for 8-none are title 1 employees
	Chicago Marriott Hotel	3/29/98-3/31/98	1,882.00	NCA conference 4 quests for 3 nights plus tax
	Uniglobe Eastside Travel	3/29/98-3/31/98	588.00	Airline tickets to Chicago for NCA conference
11	Bursey, V	Teaching Asst/Aide	5,739.84	No personnel activity report as required under A-87

97-98 title 1 audit identification

			Questioned Costs	Unsupported Costs	Comments
12		Teaching Asst/Aide		7,143.72	No personnel activity report as required under A-87
13		Teaching Asst/Aide		10,107.82	No personnel activity report as required under A-87
14		Teaching Asst/Aide		10,246.02	No personnel activity report as required under A-87
		Teaching Asst/Aide		1,804.00	charged 100%, s/b 30%
		Teaching Asst/Aide		827.36	charged 100%, s/b 20%
		Teaching Asst/Aide		7,072.07	No personnel activity report as required under A-87
15		Teaching Asst/Aide		9,950.58	No personnel activity report as required under A-87
		Teaching Asst/Aide		554.35	charged 100%, s/b 20%
16		Teaching Asst/Aide		231.78	No personnel activity report as required under A-87
17		Teaching Asst/Aide		6,698.95	No personnel activity report as required under A-87
		11/19/1997		800.00	Team bldg-teach & support staff workshop
		Total Purchased services	3,350.00	61,176.49	
		Supplies			
		Teaching supplies			
		Educational Software	poi#34120	2,146.50	ordered by Stanley- washington
		shipping	poi#34120	36.00	
		Scholastic Classroom			
		Dyna Math level 4		204.75	Washington school
		Scholastic news level 4		94.19	Washington school
		Dyna Math		204.75	Washington school
		Dyna Math level 4		204.75	Washington school
		Super Science level 4		187.43	Washington school
		Super Science level 4		187.43	Washington school
		Super Science grade 5		190.40	Washington school
		shipping & handling		9.52	Washington school
		Super Science grade 5		199.92	Washington school
		Dyna math grade 5		208.00	Washington school
		shipping & handling		10.40	Washington school
		Scholastic news level 4		89.70	Washington school
		Scholastic Classroom		208.25	Washington school
		Office Supplies			
		National Business Supplies		1,947.65	
		Miscellaneous Supplies			
		MPI School & Instruction			
		Science Fair Display	poi#35113	1,032.50	ordered by Stanley- Washington
		Science Fair Certificate	poi#35113	89.10	ordered by Stanley- Washington
		Freight	poi#35113	63.15	ordered by Stanley- Washington
		Educational Products			
		White Econoboard	poi#34966	1,194.00	ordered by Angeleri-Seminole
		Carded Subtitle Sets	poi#34966	75.00	ordered by Angeleri-Seminole
		Science Fair Ribbons	poi#34966	100.00	ordered by Angeleri-Seminole
		Supplies Totals	2,182.50	6,500.89	
		GRAND TOTALS	120,759.49	338,571.69	
		GRAND TOTAL		459,331.18	