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UNITED STATES DEPARTMENT OF EDUCATION
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MEMORANDUM

FEB 11 2002

TO: Susan Neuman
Assistant Secretary
Office of Elementary and
Secondary Education
[REDACTED]

FROM: Richard J. Dowd
Regional Inspector General for Audit

SUBJECT: FINAL AUDIT REPORT
*Audit of Rockford Public Schools' Administration of
Selected Aspects of the 21st Century Community
Learning Centers Program*
Control Number ED-OIG/A05-B0039

Attached is the subject report presenting our audit of Rockford Public Schools' administration of selected aspects of the 21st Century Community Learning Centers program. You are not required to take any action in response to this report.

If you have any questions or wish to discuss the contents of this report, please contact me at 312-886-6503.

Please refer to the above audit control number in all correspondence relating to this report.

Attachment



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Dr. Alan S. Brown, Superintendent
Rockford Public Schools
201 S. Madison Street
Rockford, IL 61104

Dear Dr. Brown:

This **Final Audit Report** presents the results of our audit of Rockford Public Schools' (RPS) administration of selected aspects of the 21st Century Community Learning Centers (Learning Centers) program. Because there are no findings that require resolution, you are not required to respond to this audit report.

AUDIT RESULTS

During the period June 1, 2000, through May 31, 2001 (grant year 2000), RPS properly administered selected aspects of the Learning Centers program in accordance with Title X, Part I, of the Elementary and Secondary Education Act of 1965, as amended, and Education Department General Administrative Regulations (Part 80 (2000)). Based on the results of our testing, it appears that RPS properly accounted for and used Learning Centers funds. Because RPS received the Learning Centers funds after June 1, 2000, and did not have the program running until October 2000, it had carryover funds of \$112,876 from grant year 2000. RPS stated in its 2000 Grant Performance Report that it would use the carryover funds to meet increased training, personnel, and contractual costs. RPS expected all these costs to increase in the upcoming grant year because it planned to begin the program earlier in the academic year.

We tested 129 transactions totaling \$173,020 from 1,500 Learning Centers transactions totaling \$563,098 that RPS recorded for grant year 2000. We traced the 129 transactions to timesheets, vouchers, purchase orders, and canceled checks to ensure that totals from these source documents agreed with RPS' accounting records. RPS had sufficient documentation to support all transactions we tested. Nothing came to our attention to indicate that testing of the untested transactions would identify questionable costs. The following table shows the budgeted amounts and actual expenditures for the Learning Centers program for grant year 2000.

Expenditure	Budgeted Amount	Actual Expenditures
Personnel	\$192,420	\$162,075
Fringe Benefits	\$52,870	\$64,740 ¹
Travel	\$8,205	\$3,232
Equipment	\$12,400	\$8,993
Supplies	\$51,931	\$51,129
Contracts	\$224,706	\$150,085
Other	\$103,440	\$101,604
Indirect Costs	\$24,963	\$21,240
Training Stipends	\$5,040	\$0
TOTAL	\$675,975	\$563,098

BACKGROUND

Title X, Part I, of the Elementary and Secondary Education Act of 1965, as amended, authorizes the Learning Centers program. The Learning Centers program provides three-year grants that provide funds to rural and inner city schools or consortia of schools to enable them to plan, implement, or expand projects that benefit the educational, health, social services, cultural, and recreational needs of the community. The program, funded at \$453 million for fiscal year 2000 and \$846 million for fiscal year 2001, enables schools to stay open longer and set up community learning centers.

A community learning center is an entity within a public elementary, middle, or secondary school building that provides educational, recreational, health, and social service programs for residents of all ages within a local community. A local educational agency operates the community learning center in conjunction with local governmental agencies, businesses, vocational educational programs, institutions of higher education, community colleges, and cultural, recreational, and other community and human service entities. The center must include no less than 4 of the 13 activities listed in Title X, Part I, Section 10905. The local educational agency is encouraged to use the funds to accomplish activities that offer significant expanded learning opportunities for children and youth in the community and that contribute to reduced drug use and violence. The programs may include features to support health needs, literacy education, children's day care services, and telecommunications and technology education for individuals of all ages.

For grant year 2000, RPS was awarded a total of \$675,975 in Learning Centers funds. RPS set up Rockford Rocks on Reading using Federal funds received under this program.

¹ RPS originally charged \$65,727 of fringe benefits to the Learning Centers program. However, it overcharged \$987 of fringe benefits to the program. RPS returned the \$987 to the Department. RPS' carryover total of \$111,889 increased by \$987 to \$112,876.

The program is designed to serve 2,052 students and 1,025 community members through an extended day and extended year program. The grant supports 4 after school programs in the 61104 zip code. The program's goals are to increase student achievement in reading and math, provide students an opportunity to participate in enrichment activities, and offer educational and social enrichment to parents and community members.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether RPS properly administered selected aspects of the Learning Centers program in accordance with Title X, Part I, of the Elementary and Secondary Education Act of 1965, as amended, and Education Department General Administrative Regulations (34 C.F.R. Part 80 (2000)). Specifically, we conducted the audit to determine if RPS properly accounted for Learning Centers funds and used the funds in accordance with the requirements of the grant. Our audit period was June 1, 2000, through May 31, 2001.

To accomplish our objective, we reviewed RPS' (1) most recent Office of Management and Budget Circular A-133 audit report; (2) written policies and procedures over budgeting and accounting for Learning Centers funds, approving of and paying for purchases of goods and services, and paying salaries and fringe benefits; (3) accounting and payroll records; and (4) purchase orders, invoices, and cancelled checks for expenses charged to the Learning Centers program during the audit period. We also interviewed various RPS employees.

During the audit, we relied on computer-processed data containing Learning Centers accounting transactions. To assess the reliability of the accounting data, we compared the data with source documents (purchase orders and invoices) and the source documentation with the computer data. Based on the tests, we concluded that the computer-processed data were sufficiently reliable to be used in meeting the audit's objective.

We reviewed RPS' accounting records for Learning Centers transactions during grant year 2000. During this period, RPS recorded 1,500 transactions totaling \$563,098. We randomly selected and reviewed 127 transactions totaling \$72,691. In addition, we judgmentally selected and reviewed two transactions totaling \$100,329. One transaction was the only transaction in its cost category and the second transaction was one of two transactions in its cost category. We tested the transactions to determine whether they were properly accounted for, allowable, supportable, and charged to the correct cost category.

We conducted our fieldwork at RPS' administrative offices in Rockford, Illinois, and our regional office in Chicago, Illinois, between September 24, 2001, and December 6, 2001. On December 6, 2001, we held a meeting with the auditee to discuss the contents of the report. Our audit was performed in accordance with government auditing standards appropriate to the scope described above.

STATEMENT ON MANAGEMENT CONTORLS

As part of our audit, we assessed RPS' system of management controls, policies, procedures, and practices applicable to RPS' accounting for and using Learning Centers program funds. We performed the assessment to determine the level of control risk, that is, the risk that material errors, irregularities, or illegal acts may occur. We performed the assessment to assist us in determining the nature, extent, and timing of the tests needed to accomplish our audit objective.

To make our assessment, we identified RPS' significant management controls and classified them into the following categories:

- Allocating funds,
- Accounting for funds,
- Approving of and paying for purchases of goods and services, and
- Paying salaries and fringe benefits.

Due to inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in RPS' management control structure. Our assessment did not disclose any significant management control weaknesses that could adversely affect RPS' accounting for and using Learning Centers funds.

ADMINISTRATIVE MATTERS

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.

If you have any questions, please contact me at 312-886-6503. Please refer to the control number in all correspondence related to this report.

Sincerely,


Richard J. Dowd
Regional Inspector General
for Audit-Region V

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