



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

September 30, 2014

Control Number
ED-OIG/A06N0002

Lynn B. Mahaffie
Acting Assistant Secretary
Office of Postsecondary Education
U.S. Department of Education
1990 K Street NW, Room 8046
Washington, D.C. 20006

Dear Ms. Mahaffie:

This final audit report, “Office of Postsecondary Education Duplication of Effort with Discretionary Grants,” presents the results of our audit. The objectives of the audit were to determine whether (1) the Office of Postsecondary Education’s internal controls were adequate for evaluating grantees for duplication of services, (2) the Talent Search, Upward Bound, and Gaining Early Awareness and Readiness For Undergraduate Programs (GEAR UP) programs resulted in a duplication of services provided by selected grantees, and (3) selected grantees experienced administrative burdens or inefficiencies as a result of administering multiple programs with similar objectives. Our review covered the Office of Postsecondary Education (OPE) within the U.S. Department of Education (Department) for fiscal years (FY) 2009 through 2014. We also reviewed records of two grantees for FYs 2009 through 2011. In addition, we performed audit work related to updates to OPE’s policies and procedures through June 11, 2014. The two grantees were Berea College (Berea) and Eastern New Mexico University-Roswell (ENMUR).

In its response to the draft of this report, OPE did not specifically state its concurrence or its non-concurrence with either of the two findings. OPE stated that it would agree with recommendations 1.1 and 1.2 if they were modified to use the term “minimize” instead of “reduce” duplication. In response to OPE’s comments, we changed the term “reduce” to the term “minimize” throughout the finding and recommendations.¹ For Finding No. 2, OPE agreed with the recommendation. In addition, in a section of its response titled “Additional Concerns,” OPE referred to the years audited and stated that it is important to note that the Talent Search and Upward Bound regulatory requirements to minimize duplication of services to participants were effective for new awards under Talent Search beginning with the 2011-2012 year, and Upward Bound beginning with the 2012-2013 year. OIG noted the issuance date for these regulations in

¹ We previously used the term “reduce” to broadly incorporate the various statutory and regulatory provisions concerning duplication across programs. The term also accounted for the Government Accountability Office’s (GAO) work regarding reduction of duplication in Federal programs. While “minimize” more closely reflects the Department’s regulations for Talent Search and Upward Bound, the Office of Inspector General’s (OIG) incorporation of that term is not specific or limited to those regulations. For example, as was the case regarding our previous use of “reduce,” we use the term “minimize duplication” to generally cover the statutory requirements under GEAR UP to “not duplicate services already provided” and to “avoid duplication.”

footnote 3 below, and acknowledges the later effective date of the minimization requirement in the regulations. However, OIG also notes that while our audit of the two grantees only covered FYs 2009 through 2011, the cited Talent Search and Upward Bound requirements to minimize duplication were applicable to our review of OPE's internal controls for evaluating grantees for duplication of services, which covered updates to policies and procedures through June 11, 2014.² Furthermore, and notwithstanding the effective date of the final Talent Search and Upward Bound regulations, grantees were subject to statutory requirements to ensure coordination among the Federal TRIO Programs (TRIO) and other programs for disadvantaged students, as well as requirements to avoid duplication of GEAR UP services with other Federal programs, that were in effect throughout the scope of our audit.

Finally, OPE requested that OIG provide OPE with a list of the 27 state grantees participating in all three programs reviewed and describe how OIG determined that these grantees participated in all three programs. As stated in the Objectives, Scope, and Methodology section of the report, we obtained grantee data from the Federal Audit Clearinghouse. We will provide, under separate cover to OPE, a list of the 27 state grantees participating in all three programs. OPE's comments are summarized at the end of each finding, along with the OIG's response. The full text of OPE's comments to the draft report is included as Attachment 2 to the report.

BACKGROUND

OPE is responsible for formulating Federal postsecondary education policy and administering programs that address critical national needs in support of its mission to increase access to quality postsecondary education. OPE administers more than 60 programs that support its mission of increasing access to quality postsecondary education, including the Talent Search, Upward Bound, and GEAR UP programs. These and other OPE programs help low-income individuals, first-generation college students, and individuals with disabilities progress through the academic pipeline from middle school to postbaccalaureate programs. OPE has performed limited on-site monitoring of these programs, and has not included procedures to review for duplication of services between the programs. Eight OPE program staff oversee the Talent Search and GEAR UP programs, and 14 staff oversee the Upward Bound program.

Talent Search, Upward Bound, and GEAR UP

The Talent Search program serves students from disadvantaged backgrounds that have the potential to succeed in higher education. The program provides services such as academic, career, and financial counseling to its participants and encourages them to graduate from high school and continue on to and complete their postsecondary education. The program publicizes the availability of financial aid and assists participants with the postsecondary application process. The Talent Search program also encourages persons who have not completed education

² Although OPE referenced the tables in the report as indicating that five years were audited regarding the grantees, the tables in question were included in the Background section of the report to provide more current information to the reader about the grant award amounts.

programs at the secondary or postsecondary level to enter or reenter and complete postsecondary education. The Talent Search program is part of TRIO.

The Upward Bound program serves both high school students from low-income families and high school students from families in which neither parent holds a bachelor’s degree. The program provides services such as tutoring, counseling, mentoring, cultural enrichment, and work-study programs. The program provides opportunities for participants to succeed in their precollege performance and ultimately in their higher education pursuits. The Upward Bound program is designed to increase the rate at which participants complete secondary education and enroll in and graduate from institutions of postsecondary education. The Upward Bound program is also part of TRIO.

The GEAR UP program serves cohorts of students from at least the seventh grade through high school at high-poverty middle and high schools. The GEAR UP program provides college scholarships to low-income students, and also provides services such as tutoring and counseling. The GEAR UP program is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The GEAR UP program is not a TRIO program.

OPE administered Talent Search, Upward Bound, and GEAR UP grants on the basis of FYs that began in the first year of a FY overlapping two years. For example, a FY 2009 grant started in 2009 and ended in 2010. OPE officials explained that the terms fiscal year, award year, program year, budget period, project year, and reporting year all refer to the same period. On that basis, this report primarily uses the term “fiscal year” for clarity. For FYs 2009 through 2013, the FYs of the Talent Search and Upward Bound grants did not change for either Berea or ENMUR. The only change, which applied to both schools, was for GEAR UP. For FYs 2009 and 2010, the GEAR UP FY started on September 1. For FYs 2011 through 2013, the GEAR UP FY started on September 26.

For the Talent Search, Upward Bound, and GEAR UP programs, the Department awarded the following cumulative grant amounts for FYs 2009 through 2013:

Table 1 – Department Grant Award Amounts					
Grant					
Talent Search	\$141,508,765	\$141,646,643	\$138,658,540	\$135,968,652	\$128,116,544
Upward Bound	\$257,423,132	\$257,160,848	\$248,839,758	\$269,229,023	\$249,857,649
GEAR UP	\$313,212,000	\$323,212,000	\$302,816,154	\$302,243,678	\$286,434,520
Total	\$712,143,897	\$722,019,491	\$690,314,452	\$707,441,353	\$664,408,713

Duplication of Services

The Higher Education Act of 1965, as amended (HEA), and related Department regulations,³ require coordination between Federal programs, including Talent Search, Upward Bound, and GEAR UP. These requirements are designed to minimize duplication and overlap of services across these programs so that more students can be served.

For our audit, we used the GAO definitions of overlap and duplication that GAO cited in its report titled “Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits” (dated April 9, 2013). GAO defined overlap as when multiple programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. GAO defined duplication as when two or more programs are engaged in the same activities or provide the same services to the same beneficiaries.

Annual Performance Reports Process

Grantees were required to submit Annual Performance Reports (APRs) to OPE. The APRs for the Talent Search, Upward Bound, and GEAR UP programs included information such as the program objectives and the number of participants served by the grants. The APRs for all three grants included the number of students served. In addition, the GEAR UP APRs included a description of the types of services provided, and the Upward Bound APRs included a list of students served.

The APRs were used by OPE to evaluate grantees’ progress, including to determine whether grantees would receive continued funding in the upcoming year. According to 34 Code of Federal Regulations (C.F.R.) § 75.253(a), the Secretary of Education (Secretary) may make a continuation award for a budget period after the first budget period of an approved multi-year project if the recipient has made substantial progress toward meeting the objectives in its approved application or if the continuation of the project is in the best interest of the Federal government. OPE determined substantial progress by evaluating information such as (1) the number of students expected to be served during the award year, (2) the number of students actually served by the grants during the award year, and (3) whether other program objectives were met.

Grantees

For FYs 2009 through 2011 combined, we identified 304 grantees that expended funds from two or more grant programs, and determined that 86 of the 304 grantees expended funds from all three grant programs. Of those 86 grantees, 27 were state agencies with multiple sub-grantees, and 59 were individual grantees such as colleges and universities. Because we wanted to identify grant expenditures of specific grantees such as colleges and universities, we separated the state agencies from the other grantees, and defined our universe as those 59 grantees. From that universe, we judgmentally selected the two schools described below.

³ Unless otherwise specified, references in this report to the HEA are to the HEA as amended as of January 27, 1998; and, references to 34 C.F.R. Parts 643, 645, and 694 are to the Talent Search, Upward Bound and GEAR UP regulations as amended as of October 26, 2010. References to Education Department General Administrative Regulations (EDGAR) are to regulations amended as of July 1, 2009.

Berea College

Berea College (Berea) is a four-year private college located in Berea, Kentucky, offering bachelor's degrees in 32 majors. Berea had an enrollment of 1,658 students in the fall of 2012. The Department awarded Talent Search, Upward Bound, and GEAR UP grants to Berea for FYs 2009 through 2013, as shown in Table 2 below. Berea provided GEAR UP services under the cohort approach.

Table 2 – Berea Grant Award Amounts					
Grant	2009	2010	2011	2012	2013
Talent Search	\$351,467	\$351,467	\$351,467	\$351,467	\$333,085
Upward Bound	\$474,989	\$474,989	\$460,264	\$474,989	\$0 ⁴
GEAR UP	\$2,859,916	\$2,859,889	\$10,672,000	\$10,672,000	\$10,672,000
Total	\$3,686,372	\$3,686,345	\$11,483,731	\$11,498,456	\$11,005,085

Eastern New Mexico University-Roswell

Eastern New Mexico University-Roswell (ENMUR) is a two-year public college located in Roswell, New Mexico, offering associates degrees and certificates. ENMUR had an enrollment of 4,193 students in the fall of 2012. The Department awarded Talent Search, Upward Bound, and GEAR UP grants to ENMUR for FYs 2009 through 2013, as shown in Table 3 below. ENMUR also provided GEAR UP services under the cohort approach.

Table 3 – ENMUR Grant Award Amounts					
Grant	2009	2010	2011	2012	2013
Talent Search	\$304,593	\$304,593	\$304,593	\$304,593	\$288,663
Upward Bound	\$296,327	\$296,327	\$287,141	\$296,327	\$280,829
GEAR UP	\$1,376,000	\$1,200,000	\$1,380,800	\$1,380,800	\$1,380,800
Total	\$1,976,920	\$1,800,920	\$1,972,534	\$1,981,720	\$1,950,292

AUDIT RESULTS

We determined that OPE had not implemented adequate internal controls to provide assurance that grantees minimized the duplication of services. We did not identify, based on our review of student records, any duplication of services provided under the Talent Search, Upward Bound, and GEAR UP programs. At the two schools we visited, we performed a 100 percent review of student records for students receiving services from those three programs. For Berea, we did not

⁴ Berea did not receive an Upward Bound grant for this year.

identify any duplication of services for the audit period. For ENMUR, we did not identify any duplication of services for FY 2011. However, we could not determine if duplication of services occurred at ENMUR during FYs 2009 and 2010, because ENMUR did not maintain documentation that would enable us to make that determination. We were informed by Berea and ENMUR officials that they did not experience burdens or inefficiencies as a result of administering multiple programs with similar objectives.

We received OPE's comments on the findings and recommendations in the draft report. OPE did not specifically state its concurrence or its non-concurrence with either of the two findings. OPE stated that it agreed with recommendations 1.1 and 1.2 if they were modified to use the term "minimize" instead of "reduce" duplication. In response to OPE's comments, we changed the term "reduce" to the term "minimize" throughout the finding and recommendations. For Finding No. 2, OPE agreed with the recommendation. The comments are summarized at the end of each finding, along with the OIG's responses. The full text of OPE's comments on the draft report are included as Attachment 2 to this final report.

FINDING NO. 1 – OPE's Oversight Process Provides No Assurance That Grantees Minimize the Duplication of Services

OPE had not implemented adequate internal controls to provide assurance that grantees minimized the duplication of services. OPE did not have adequate internal controls to ensure the minimization of duplication of services between the three grant programs and other existing Federal, state, and local early intervention programs, because it did not collect and evaluate information on duplication of services. As such, OPE did not fulfill HEA and Departmental requirements to ensure grantees minimized the duplication of services already provided to a school or community.

For the Talent Search and Upward Bound programs, HEA Section 402A(c)(6) requires the Secretary to encourage coordination between TRIO programs and other programs for disadvantaged students. 34 C.F.R. §§ 643.11(b) and 645.21(a)(4) state that applicants must include an assurance that the project will collaborate with other TRIO projects, GEAR UP projects, or programs serving similar populations that are serving the same target schools or target area in order to minimize the duplication of services and promote collaborations so that more students can be served.

For the GEAR UP program, HEA Section 404B(b) states each eligible entity shall ensure that the activities assisted under this chapter are, to the extent practicable, coordinated with, and complement and enhance—(1) services under this chapter provided by other eligible entities serving the same school district or State; and (2) related services under other Federal or non-Federal programs. Also, HEA Section 404B(d) states that, where the Secretary requires that GEAR UP services be provided to grade levels of students at participating schools, beginning not later than seventh grade and continuing for that grade level of students through at least the twelfth grade (the cohort approach), the Secretary shall, where applicable, ensure that the cohort approach is done in coordination and collaboration with existing early intervention programs and does not duplicate the services already provided to a school or community.

In addition, 34 C.F.R. §§ 643.32(c)(5) and 645.43(c)(5) state that the Talent Search and Upward Bound grantees are required to keep records, to the extent practicable, of any services the Talent Search or Upward Bound participant receives during the project year [fiscal year] from another TRIO program or another federally funded program that serves populations similar to those served under the Talent Search and Upward Bound programs. These programs and the GEAR UP programs are also subject to the Department's general recordkeeping regulation at 34 C.F.R. §74.53 (b), which states that financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report. The regulation also states that, for awards that are renewed quarterly or annually, the three-year record retention requirement is three years from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary.

Office of Management and Budget Circular A-123, Management's Responsibility for Internal Control (dated December 21, 2004), states that management's control activities include policies, procedures and mechanisms to help ensure that agency objectives are met. In addition to having these control activities in place, management should include periodic reviews, reconciliations, or comparisons of data as part of the regular assigned duties of personnel. As part of its continuous monitoring of internal control, management should also integrate periodic assessments that are ingrained in the agency's operations.

The Department's Handbook for the Discretionary Grant Process (dated January 26, 2009) includes the Department's discretionary grant monitoring policy. It requires Department staff to monitor each grantee to the extent appropriate to ensure that results are achieved in compliance with grant requirements. We determined that the Department's OPE did not have adequate internal controls for evaluating grantees for duplication of services as required by the HEA, OPE's regulations, and non-regulatory guidance.

Specifically, OPE did not have procedures for evaluating grant applications or other documentation, such as APRs, for duplication of services. OPE's evaluation process for the grant applications included reviewing items such as budget and personnel qualifications, but did not include evaluation procedures to ensure coordination, collaboration, and duplication of services between the three grant programs and other existing Federal, state, and local early intervention programs. In the grant applications, OPE included a requirement that grantees submit APRs, which OPE used to evaluate grantees' administration of the grants. OPE officials reviewed the APRs to determine that if a grantee made substantial progress, it would entitle the grantee to continued funding for the upcoming fiscal year. OPE determined substantial progress by evaluating information such as (1) the number of students expected to be served during the award year and (2) the number of students actually served by the grants during the award year. However, OPE officials did not review the APRs for the purpose of evaluating whether grantees were duplicating services.

OPE's directors of the Talent Search, Upward Bound, and GEAR UP programs stated that OPE evaluated grant applications and APRs based upon each program's regulatory requirements and said that they had no requirement to evaluate grantee information to ensure coordination and collaboration in regard to duplication of services. In June 2014, we confirmed with OPE officials, including the director of student service, that OPE was not performing procedures to

ensure coordination and collaboration among the programs or to evaluate for any duplication of services, as required by the HEA.

Beginning with the FY 2011 Talent Search and the FY 2012 Upward Bound grant applications, OPE included an assurance that requires the certifying official at the applicant institution to certify that the project will collaborate with other Federal TRIO projects and GEAR UP to minimize the duplication of services to participants. For those respective FYs, OPE also revised its Talent Search and Upward Bound APRs to require reporting on the requirement to collaborate and minimize the duplication of services to participants. OPE will revise its GEAR UP APR in the fall or winter of 2015. Therefore, beginning in 2016, GEAR UP grantees will also report on efforts made to minimize duplication of services.

OPE's monitoring process and procedures did not include a review for coordination, collaboration, and duplication of services between the three grant programs and other existing Federal, state, and local early intervention programs. On March 21, 2012, OPE's director of student service issued a memorandum on the subject "Coordination with Other Programs for Disadvantaged Students." The memorandum was distributed to the Talent Search, Upward Bound, and GEAR UP project directors, reminding them of the need for coordination with other programs in order to minimize duplication of services. However, OPE's monitoring process did not include a review for this type of coordination. In addition, OPE did not factor potential duplication of services into its risk factors for selecting grantees for performance monitoring. OPE did identify some common examples of grantee monitoring problems and concerns, including making excessive drawdowns, drawing down few or no funds, or experiencing frequent turnover in key personnel working on the grants; but it did not identify duplication of services.

OPE's monitoring guides for Talent Search, Upward Bound, and GEAR UP included areas such as administration and management, fiscal management, and program administration; however, the guides did not include any procedures to determine if an eligible entity was coordinating services between the three grant programs to minimize duplication of services. For the three grant programs combined, OPE provided four program review reports, which we reviewed to determine whether OPE reviewed for duplication of services during its on-site program reviews. Based upon those reports, OPE reviewed items such as fiscal controls, participant eligibility, and project administration, but did not review for duplication of services between the three grant programs. In June 2014, we held a discussion with OPE officials regarding internal controls over coordination of program services. The OPE director of student service responded that OPE will implement a number of monitoring activities to assure grantee compliance with the requirement to collaborate in minimizing the duplication of services to participants. OPE will also update its site visit guides to ensure that this issue is assessed when staff members conduct site visits of OPE's pre-college programs.

OPE did not have adequate internal controls to ensure duplication of services did not exist between the three grant programs and other existing Federal, state, and local early intervention programs because it did not collect and evaluate information on duplication of services. As such, OPE did not fulfill HEA and Departmental requirements to ensure grantees do not duplicate the services already provided to a school or community.

Recommendations

We recommend that the Acting Assistant Secretary for Postsecondary Education—

- 1.1 Ensure that grantees provide information that would enable OPE to assess their efforts to coordinate, collaborate, and minimize duplication with other similar programs.
- 1.2 Implement a process for OPE to assess whether or not grantees are meeting their obligations to coordinate, collaborate, and minimize duplication of services for all three grant programs (Talent Search, Upward Bound, and GEAR UP).

OPE's Comments

OPE did not specifically state either its concurrence or its non-concurrence with Finding No. 1 and stated that it agreed with both recommendations if they were modified to use the term “minimize” instead of “reduce” duplication.

For Recommendation 1.1, OPE stated that it has already taken steps to minimize duplication. Referring to the enactment of the Higher Education Opportunity Act of 2008 (HEOA), mandatory negotiated rulemaking and the publication of draft and final regulations, OPE stated that it has taken and continues to take a number of actions to address minimizing duplication of services to those participating in Talent Search, Upward Bound, and other federally funded college access programs. Those actions include publicizing the new requirement to minimize the duplication of services to participants and amending Talent Search and Upward Bound program funding applications to address minimizing the duplication of services to participants. In addition, the 2011 Talent Search grant application and the 2012 Upward Bound grant application were amended to require the certifying official of the applicant institution to state that the project would collaborate with other Federal TRIO projects and GEAR UP to minimize the duplication of services. Also, APRs for Talent Search and Upward Bound were revised to require reporting on the number of participants served by other federally funded college access programs. Finally, during the Upward Bound APR clearance process the requirement to minimize the duplication of services was publicized through meetings with the grantee community and through 30- and 60-day comment periods. To address OIG's finding for GEAR UP, OPE stated that it will update the GEAR UP APR to include the collection of data on participants served by another federally funded access program.

For Recommendation 1.2, OPE stated that it will perform the following actions in establishing internal controls to appropriately monitor the requirements as they apply to Talent Search, Upward Bound, and GEAR UP:

- Update site review guides for Talent Search, Upward Bound, and GEAR UP;
- Monitor Talent Search and Upward Bound grantees to ensure they comply with the requirement to minimize the duplication of services to participants;
- Update the OMB Circular A-133 Compliance Supplement for the Federal TRIO Programs Cluster by adding an additional audit requirement to review the issue of participants served by another federally funded college access program;

- Assess APR data on participants served by another federally funded college access program to inform our monitoring of minimizing duplication; and
- Develop a plan for oversight of grantee compliance with duplication of services requirements. The plan will identify additional strategies for promoting grantee compliance with these requirements.

OIG Response

In response to OPE's comments, we changed the term "reduce" to the term "minimize" throughout the finding and recommendations. OPE's planned corrective actions, if properly implemented, are responsive to the finding and recommendations.

FINDING NO. 2 –ENMUR Did Not Maintain Sufficient Supporting Documentation To Assess Duplication for FYs 2009 and 2010 GEAR UP Program

For FY 2011, ENMUR maintained adequate, reliable, and complete documentation to support a duplication assessment. However, for FYs 2009 and 2010, ENMUR's GEAR UP documentation did not support a duplication assessment, because the GEAR UP records did not support the reported types of services provided, number of students served, or certification of APRs.

Insufficient GEAR UP Information to Determine Duplication of Services across Programs

For FYs 2009 and 2010, ENMUR's GEAR UP documentation did not support the services rendered and the dates of the services for the number of students reported as served. For FY 2011, ENMUR implemented a new software system that recorded a description of the services and the dates of the services. For FY 2011, we tested 100 percent of the student records for students having received services from multiple programs and did not identify any duplication of services.

Unreliable APR Data

For FYs 2009 through 2011, the ENMUR GEAR UP director submitted APRs to OPE which included data such as the total number of students served by the grants and the specific services (such as tutoring) provided to the students. We reviewed ENMUR's supporting documentation for those reported items, and concluded that only the FY 2011 documentation was sufficient. The documentation for FYs 2009 and 2010 was not sufficient because it either differed from the information reported to OPE in the APRs or was unavailable. The school's documentation included student names, but did not include a description of the services received or the dates of the services. Also, the FY 2009 GEAR UP APR stated that the school served 1,500 students, whereas the school's documentation totaled 1,591 students. For the same year, the GEAR UP APR stated that ENMUR provided tutoring services to 592 students, but the school's documentation showed that 488 students received tutoring services. The school's documentation included student names, but did not identify the grade levels of the students served or the dates of the services, and did not include a description of the services provided. The discrepancies in both the total number of students served and the number of students receiving tutoring services demonstrate that the school's records were unreliable. For both FY 2009 and FY 2010, the

ENMUR GEAR UP director stated that he was unable to provide an accurate or supportable list for the students reported as served by the GEAR UP program.

Unreliable APR Certification

For FYs 2009 through 2011, the ENMUR GEAR UP director completed APR certification statements that the data submitted to OPE were complete and accurate. Based on our audit testing, the FY 2011 certification was reliable. However, we concluded that the APR certifications for FYs 2009 and 2010 were unreliable because ENMUR's documentation did not support the total number of students reported as served by the grant, the services rendered, or the dates of the services rendered.

34 C.F.R. § 74.53 (b) states that financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report. The final expenditure report is submitted after all budget periods within a multiple-year performance period have been completed.

Per the GEAR UP APRs for FYs 2009 and 2010, grantees were required to certify that, to the best of their knowledge, the information reported was accurate and complete. The ENMUR GEAR UP director stated that the data analyst responsible for tracking the FY 2009 and FY 2010 GEAR UP student records no longer worked for ENMUR and that the records maintained by the data analyst were incomplete.

Per 34 C.F.R. §75.253 (a), the Secretary may make a continuation award for a budget period after the first budget period of an approved multi-year project if the recipient has made substantial progress toward meeting the objectives in its approved application or if the continuation of the project is in the best interest of the Federal government. OPE makes substantial progress determinations for grantees by reviewing information reported in the APRs. We reviewed substantial progress assessment documentation prepared by OPE for ENMUR's Talent Search, Upward Bound, and GEAR UP projects. OPE determined that ENMUR made substantial progress and was eligible to receive non-competing continuation grant awards for the succeeding project years. However, based on the unreliability of ENMUR's APR certifications for FYs 2009 and 2010, we concluded that OPE's substantial progress determinations might have been based on inaccurate information. As a result, we concluded that the Department may have awarded grant funds to ENMUR in excess of what the school should have received.

Recommendation

We recommend that the Acting Assistant Secretary for Postsecondary Education—

2.1 Review ENMUR's GEAR UP APR data for FYs 2009 and 2010 and determine whether funds should be recovered.

OPE's Comments

OPE did not specifically state either its concurrence or its non-concurrence with Finding No. 2 but did agree with the recommendation. OPE acknowledged that, in 2011, the grantee implemented a new software system that records a description of services provided, including the dates of service. OPE staff followed up with the grantee's Project Director and received a written response citing other quality assurance measures that have been put into place to ensure that ENMUR tracks adequate, reliable and complete documentation of services. In addition, OPE staff reviewed ENMUR's GEAR UP APR data for FY 2009 and FY 2010. OPE stated that it requested and received an abundant amount of supporting documentation from ENMUR's GEAR UP project for those two years. Based on this documentation, OPE's Acting Assistant Secretary determined that ENMUR has taken appropriate corrective actions and that OPE will not seek to recover GEAR UP funds.

OIG Response

OPE's planned corrective actions, if properly implemented, are responsive to the finding and recommendation.

OTHER MATTERS

For duplication of services at target schools, which are schools that were served by the grants, we noted that OPE collected data on the target schools for all three grant programs through the APR. However, only Talent Search and Upward Bound programs currently collect a target school's unique identifier, known as the **National Center for Education Statistics** (NCES) identification number. The NCES identification number is a 12-digit number used to identify a school. OPE began collecting the GEAR UP target school NCES identification numbers for all of its grantees during FY 2012.

To assess the reliability of the NCES identification numbers currently reported for Talent Search (460 grantee awards) and Upward Bound (1,052 grantee awards), we compared the reported target school NCES identification numbers to a list of valid school NCES identification numbers selected from the Common Core of Data (CCD).⁵ The CCD is collected annually by the Department's NCES, which includes fiscal and non-fiscal data about all public schools, public school districts and state education agencies in the United States.

We performed this analysis for FY 2011, and determined that some of the reported NCES school identification numbers for Talent Search and Upward Bound did not match NCES school identification numbers from the CCD. Specifically, for Talent Search, we identified 4,445 unique NCES school identification numbers. However, 227 (5.1 percent) of those NCES school

⁵ The Common Core of Data can be reviewed at <https://nces.ed.gov/ccd/>.

identification numbers did not match a school identifier from the CCD. For the Upward Bound program, we identified 8,487 unique NCES school identification numbers and found 1,601 (18.9 percent) of those NCES school identification number did not match a school identifier from the CCD.

Matching the target schools' NCES school identification numbers across the three grant programs could be one method to help OPE identify potential duplication of services at target schools, and we suggest that OPE take steps to implement a preventive control to ensure that schools are submitting accurate NCES school identification numbers.

OPE's Comments

OPE stated that it will give full consideration to OIG's suggestions as it further assesses, develops and refines its internal control processes.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether (1) OPE's internal controls were adequate for evaluating grantees for duplication of services, (2) the Talent Search, Upward Bound, and GEAR UP programs resulted in a duplication of services provided by selected grantees, and (3) selected grantees experienced administrative burdens or inefficiencies as a result of administering multiple programs with similar objectives. Our review covered OPE for FYs 2009 through 2014 and two grantees (Berea and ENMUR) for FYs 2009 through 2011. In addition, we performed audit work related to updates to OPE's policies and procedures through June 11, 2014.

To accomplish Audit Objective One, we—

- Reviewed OMB Circular A-123 concerning management's responsibility for internal control.
- Reviewed OPE's March 21, 2012 memorandum titled "Coordination with Other Programs for Disadvantaged Students."

- Reviewed OPE’s Talent Search, Upward Bound, and GEAR UP monitoring site visit guides.
- Reviewed all program review reports provided by OPE in regard to the three programs (Talent Search, Upward Bound, and GEAR UP), to determine if OPE reviewed for duplication of services during its on-site program reviews.⁶
- Held discussions with OPE’s director of student service and directors of the Talent Search, Upward Bound, and GEAR UP programs.
- Reviewed the Department’s Handbook for the Discretionary Grant Process (dated January 26, 2009) to understand OPE’s monitoring process and risk factors for discretionary grants.

To accomplish Audit Objectives Two and Three, we—

- Reviewed the GAO report titled “Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits” (dated April 9, 2013) to determine GAO’s definition of overlap and duplication.
- Reviewed the duplication of services provisions from the HEA and from the corresponding regulations at 34 C.F.R. Parts 643, 645, and 694 (dated July 2011).
- Reviewed 34 C.F.R. § 75.253 (a) for guidance pertaining to the continuation of grant awards.
- Reviewed 34 C.F.R. § 74.53 (b) for guidance pertaining to record retention for FYs 2009 through 2011.
- Reviewed Berea’s and ENMUR’s written policies and procedures for the Talent Search, Upward Bound, and GEAR UP programs.
- Reviewed Berea’s and ENMUR’s Talent Search, Upward Bound, and GEAR UP APRs (for FYs 2009 through 2011) to determine the total number of students reported as served.
- Interviewed Berea’s and ENMUR’s Talent Search, Upward Bound, and GEAR UP directors or assistant directors.

⁶ OPE provided four program review reports. Two of the reviews were performed in 2008, one was performed in 2010, and one was performed in 2013. Of those four reviews, two addressed both Talent Search and Upward Bound, one addressed only Upward Bound, and one addressed GEAR UP.

- Performed an analysis of Berea and ENMUR APR data to match student names among programs to determine whether the same student was served by more than one program in the same year. We identified 61 students from Berea (for FYs 2009 through 2011) and 126 students from ENMUR (for FY 2011) that had received services from at least two of the Talent Search, Upward Bound, and GEAR UP programs.
- Performed a 100 percent review of student records (61 student records at Berea and 126 student records at ENMUR) for students we identified as having received services from multiple programs. Specifically, for all students identified, we reviewed student records to determine if the same service was provided by multiple grants.
- Performed a limited comparison of reported NCES school identification numbers to a list of valid NCES school identification numbers selected from the CCD.

Sampling

To accomplish our audit objectives, we judgmentally selected the two grantees for site visits by obtaining and analyzing data from the Federal Audit Clearinghouse (FAC) for FYs 2009 through 2011 combined. For that three-year period, we identified 304 grantees that expended funds from two or more of the three grant programs, and determined that 86 of the 304 grantees expended funds from all three grant programs. Because the FAC data for those 86 grantees included information from state agencies with multiple sub-grantees, and because we wanted to identify grant expenditures of specific grantees such as colleges and universities, we separated the state agencies from the other grantees. Of the 86 entities, 27 were state agencies, and 59 were individual grantees such as colleges and universities. We defined our universe as those 59 grantees, and then sorted the 59 grantees by expenditures (in descending order).

We determined to select one private school and one public school from the universe of 59 grantees. For the private school, we selected Berea; for the public school, we selected ENMUR. Tables 4 and 5 below identify the expenditures for the two schools.

Table 4 – Berea Grant Expended Amounts			
Grant	2009	2010	2011
Talent Search	\$372,062	\$307,261	\$367,903
Upward Bound	\$777,357	\$644,452	\$768,248
GEAR UP	\$2,544,649	\$2,456,350	\$2,098,951
Total	\$3,694,068	\$3,408,063	\$3,235,102

Table 5 – ENMUR Grant Expended Amounts			
Grant	2009	2010	2011
Talent Search	\$713,496	\$691,423	\$725,937
Upward Bound	\$601,556	\$671,352	\$620,743
GEAR UP	\$1,794,323	\$1,332,009	\$1,016,993
Total	\$3,109,375	\$2,694,784	\$2,363,673

Berea was one of only nine private entities, including seven private schools, in our universe of 59 grantees. The average amount of grant expenditures of those nine entities was \$10,970,635, and the total amount of grant expenditures for Berea was \$10,337,233. We selected Berea because its total amount of grant expenditures was the closest to the average amount of grant expenditures of the nine entities.

ENMUR was one of fifty public entities in our universe of 59 grantees. ENMUR was in New Mexico – a state selected because it had not been included in sampling performed for recent OIG audits. We also determined that ENMUR was the only school in New Mexico that expended funds from all three grants.

Our selection is not representative of the universe, and the results should not be applied to all grantees.

Data Reliability

In performing our data reliability assessment, we did not receive computer-processed data from OPE. Therefore, our reliability assessment pertained only to the two schools that we visited. For Berea, the director of college access provided us ten spreadsheets with a listing of students to support the total number of students that were reported as served in the 2009 through 2011 APRs for all three grants. We assessed the reliability of that computer-processed data by tracing the computer-processed data to student records. We determined that the data were sufficiently reliable for the purposes of our audit.

For ENMUR, as discussed in Finding Number 2, the ENMUR GEAR UP director provided us four spreadsheets to support the number of students the school reported as served in its FY 2009 and FY 2010 GEAR UP APRs. We reviewed the spreadsheets and determined that the four spreadsheets were not sufficient to support either the total number of students the school reported as served or the number of students the school reported as having received tutoring services. Also, the ENMUR GEAR UP director stated that he was unable to provide an accurate or supportable list for the students reported as served by the GEAR UP program. Therefore, we determined that ENMUR's GEAR UP data for FYs 2009 and 2010 were unreliable.

For FY 2011, in support of the total number of students reported by the three grants as having been served, ENMUR grant directors provided us three spreadsheet listings of students. We assessed the reliability of that computer-processed data by tracing the computer-processed data to student records. We determined that the data were sufficiently reliable for the purposes of our audit.

Internal Controls

We determined that control activities and monitoring standards were significant to our internal controls audit objective. We performed procedures, for FYs 2009 through 2014, to identify and understand OPE's internal controls over evaluating grantees for duplication of services. Based on our interviews with responsible OPE personnel, review of written policies and procedures, and inspection of documents and records, we determined that OPE lacked adequate controls relative to duplication of services. OPE's control activities and monitoring are fully discussed in Audit Finding Number 1.

We conducted our audit work from July 2013 through January 2014. We visited OPE in Washington, D.C.; Berea in Berea, Kentucky; and ENMUR in Roswell, New Mexico. We held exit conferences with OPE officials on January 24, 2014, and with Berea and ENMUR officials on January 22, 2014, to discuss the results of the audit. We also conducted a follow-up meeting with OPE officials on June 4, 2014.

Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System. The Department's policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 calendar days of the issuance of this report. The CAP should set forth the specific action items, and targeted completion dates, necessary to implement final corrective actions on the findings and recommendations contained in this final audit report. An electronic copy of this report has been provided to your Audit Liaison Officer.

In accordance with the Inspector General Act of 1978, as amended, the OIG is required to report to Congress twice a year on the audits that remain unresolved after six months from the date of issuance.

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

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

We appreciate the cooperation given us during this review. If you have any questions, please call Daniel Schultz at 646-428-3888.

Sincerely,

/s/

Patrick J. Howard
Assistant Inspector General for Audit

Electronic cc: Janie Funkhouser, Audit Liaison Officer, OPE

Attachments

Attachment 1

Acronyms, Abbreviations, and Short Forms Used in this Report

APR	Annual Performance Report
Berea	Berea College
CAP	Corrective Action Plan
CCD	Common Core of Data
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
EDGAR	Education Department General Administrative Regulations
ENMUR	Eastern New Mexico University-Roswell
FY	Fiscal Year
GAO	Government Accountability Office
GEAR UP	Gaining Early Awareness and Readiness for Undergraduate Programs
HEA	Higher Education Act of 1965, as amended
NCES	National Center for Education Statistics
OIG	Office of Inspector General
OPE	Office of Postsecondary Education
Secretary	Secretary of Education
TRIO	Federal TRIO Programs

Attachment 2

Office of Postsecondary Education's Comments on the Draft Report




UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

MEMORANDUM

DATE: September 25, 2014

TO: Daniel P. Schultz
Regional Inspector General
New York/Dallas Audit Region

FROM: Lynn B. Mahaffie 
Acting Assistant Secretary for Postsecondary Education
U.S. Department of Education
1990 K Street, NW, Room 8046
Washington, DC 20006

SUBJECT: Comments on Draft Audit Report--
Office of Postsecondary Education Duplication of Effort with
Discretionary Grants, Control Number ED-OIG/A06N0002

We have reviewed the draft audit report "Office of Postsecondary Education Duplication of Effort with Discretionary Grants" (ED-OIG/A06N0002). The objectives of the audit were to determine whether: (1) the Office of Postsecondary Education's (OPE's) internal controls were adequate for evaluating grantees for duplication of services, (2) the Talent Search (TS), Upward Bound (UB), and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) programs resulted in a duplication of services provided by selected grantees, and (3) selected grantees experienced administrative burdens or inefficiencies as a result of administering multiple programs with similar objectives.

FINDING NO. 1 - OPE's Oversight Process Provides No Assurance That Grantees Do Not Duplicate Services

OIG states that "OPE had not implemented adequate internal controls to provide assurance that grantees did not duplicate services. OPE did not have adequate internal controls to ensure duplication of services did not exist between the three grant programs and other existing Federal, state, and local early intervention programs, because it did not collect and evaluate information on duplication of services. As such, OPE did not fulfill HEA and Departmental requirements to ensure grantees do not duplicate the services already provided to a school or community."

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The TS and UB program regulations require grantees to collaborate with other programs serving similar populations “to minimize the duplication of services.” The draft audit report, however, does not use the term “minimize” and inconsistently describes the requirement. The title and discussion of Finding No. 1 asserts that OPE needs to provide assurance that grantees do not duplicate services. The recommendations, however, indicate that OPE should assess whether grantees are meeting their obligation to reduce duplication of services. Unlike the finding title and related discussion, the recommendations do not suggest that duplication is prohibited (see page 8 of the draft report). The draft audit report incorrectly suggests that grantees may not duplicate services; the regulations use the term “minimize” and they do not specifically bar duplication of services. Also, the draft audit report’s use of the term “reduce” rather than the regulatory “minimize” suggests a misunderstanding of the regulatory requirement.

RECOMMENDATION

1.1 Ensure that grantees provide information that would enable OPE to assess their efforts to coordinate, collaborate, and reduce duplication with other similar programs.

RESPONSE

1.1 As currently stated, OPE disagrees with the recommendation. If recommendation 1.1 is changed to reflect the regulatory standard that grantees minimize (rather than reduce) duplication, OPE would agree with the recommendation and has already taken steps to minimize duplication (as discussed below).

The TS and UB programs are not subject to statutory or regulatory requirements to reduce duplication. Rather, the TS and UB program regulations require grantees to collaborate with other programs serving similar populations “to minimize the duplication of services.”

The term “minimize” was chosen to reflect the Department’s position that in some instances duplication is unavoidable and may be appropriate. Please refer to the discussion in the preamble to the final regulations, 75 FR 65712, 65727 (Oct. 26, 2010) in which the Department acknowledged the concerns expressed by commenters that the original proposed regulation regarding duplication was too restrictive. In describing the regulatory requirement, we urge the OIG to correctly cite the terminology.

With the enactment of the Higher Education Opportunity Act of 2008 (HEOA), mandatory negotiated rulemaking and the publication of draft and final regulations, OPE has taken and continues to take a number of actions to address minimizing duplication of services to those participating in TS, UB and other federally funded college access programs. Specifically:

- OPE engaged the grantee community in discussions regarding HEOA requirements through a negotiated rulemaking mandated by statute, and then publicized the new requirement to minimize the duplication of services to participants. These efforts are evident in the draft and final regulations issued for TS and UB. In particular, the importance of minimizing the duplication of services was emphasized in the Notice of

Proposed Rulemaking dated March 23, 2010, which proposed amendments to TRIO and GEAR UP program regulations, as well as in final regulations issued on October 26, 2010;

- To promote grantee compliance with the requirements, the TS and UB program funding applications were amended to address minimizing the duplication of services to participants;
- Both the 2011 TS grant application and the 2012 UB grant application included an assurance that required the certifying official of the applicant institution to state that the project would collaborate with other Federal TRIO projects and GEAR UP to minimize the duplication of services to participants;
- The annual performance reports (APRs) for TS and UB were revised to require reporting on the number of participants served by another federally funded college access program. The revised APRs have been in use for two years in TS and for one year in UB; and
- During the UB APR clearance process, the requirement to minimize the duplication of services was publicized in meetings with the grantee community and through 30- and 60-day comment periods.

To address OIG's finding for GEAR UP, OPE will update the GEAR UP APR to include the collection of data on participants served by another federally funded access program.

RECOMMENDATION

- 1.2 Implement a process for OPE to assess whether or not grantees are meeting their obligations to coordinate, collaborate, and reduce duplication of services for all three grant programs (Talent Search, Upward Bound, and GEAR UP).

RESPONSE

- 1.3 As currently stated, OPE disagrees with the recommendation. If recommendation 1.2 is changed to reflect regulatory standard that grantees minimize (rather than reduce) duplication, OPE would agree with the recommendation and has already taken steps to minimize the duplication (as discussed below).

As noted above, the TS and UB program regulations require grantees to collaborate with other programs serving similar populations "to minimize the duplication of services." The term "reduce" rather than the regulatory "minimize" suggests a misunderstanding of the regulatory requirement and suggests that the statute requires no duplication. In describing the regulatory requirement, we urge the OIG to correctly cite the terminology in the regulations.

To establish internal controls to appropriately monitor the requirements as they apply to TS, UB and GEAR UP, OPE will:

- Update site review guides for TS, UB and GEAR UP;
- Monitor TS and UB grantees to ensure they comply with the requirement to minimize the duplication of services to participants;
- Update the OMB Circular A-133 Compliance Supplement for the Federal TRIO Programs Cluster by adding an additional audit requirement to review the issue of participants served by another federally funded college access program; and
- Assess APR data on participants served by another federally funded college access program to inform our monitoring of minimizing duplication.
- Develop a plan for oversight of grantee compliance with duplication of services requirements. The plan will identify additional strategies for promoting grantee compliance with these requirements.

FINDING NO. 2 – Eastern New Mexico University-Roswell (ENMUR) Did Not Maintain Sufficient Supporting Documentation to Assess Duplication for FYs 2009 and 2010 GEAR UP Program

RECOMMENDATION

- 2.1 Review ENMUR's GEAR UP APR data for FYs 2009 and 2010, and determine whether funds should be recovered.

RESPONSE

- 2.1 OPE agrees with the recommendation. As the draft report states, in 2011 the grantee implemented a new software system that records a description of services provided, including the dates of service.

Additionally, OPE staff followed-up with the Project Director and received a written response citing other measures that have been put into place to ensure that ENMUR tracks adequate, reliable and complete documentation of services. Specifically, the Project Director reported taking the following quality assurance measures:

- In September 2011 as the current grant began, ENMUR contracted with a nationally-recognized education research and consulting firm to provide data management and evaluation services;

- The project hired a full time Data Specialist to enter reliable and complete documentation of services provided and to facilitate daily communications with the research and consulting firm mentioned above. This communication helps to ensure that the paper and electronic data maintained in the project's system transfers correctly to the research and consulting firm's records system; and
- The project contracted with an external evaluation team to review all project records annually for the remainder of the grant cycle and correct discrepancies and/or missing data.

Finally, OPE staff reviewed ENMUR's GEAR UP APR data for FY 2009 and FY 2010. In addition, OPE requested and received an abundant amount supporting documentation from ENMUR's GEAR UP project for FY 2009 and FY 2010. The documentation provided for FY 2009 indicates that the GEAR UP project purchased ACT pre-, mid- and post- diagnostic material for three target schools in November 2009. Documentation for the same fiscal year indicates that the ACT Instructors' salary and benefits were paid using GEAR UP funds for the three target schools. The grantee provided documentation for a college field trip and a community service teen court activity for FY 2009, including students' names, grade levels and the dates of the activity/service. ENMUR documented its contribution to the scholarship component for FY 2009. The FY 2010 documentation for a number of events (e.g., a Scholarship Dinner, college field trips) includes details such as dates, student and parent signatures, and student's grade level. Documentation for GEAR-UP professional development includes an itinerary and description of events and staff signatures. Based on this documentation, OPE's Acting Assistant Secretary determined that ENMUR has taken appropriate corrective actions and that OPE will not seek to recover GEAR UP funds.

OTHER MATTERS

The OIG suggested several approaches that may be helpful in assessing grantee compliance with the requirement to minimize duplication of services to TS and UB participants and ensure that duplication does not occur in GEAR UP projects. OIG suggested pre-screening applications submitted during grant competitions to determine if applicants will minimize the duplication of service to participants (TS and UB) or ensure that duplication does not occur (GEAR UP). The OIG also suggests that OPE take steps to ensure that grantees submit accurate National Center for Education Statistics Common Core of Data identification numbers. The OIG stated that identifying target schools with multiple projects may be helpful to assess instances of duplication. OPE will give full consideration to the OIG's suggestions as it further assesses, develops and refines its internal control processes.

ADDITIONAL CONCERNS

We have identified several additional concerns and would appreciate OIG's comments and clarification.

Berea College and ENMUR

The draft audit report discusses the audits of Berea College and ENMUR. Tables presented indicate the five years audited (2009 - 2013), the programs audited and the amounts of funds received by each program. We believe that it is important to note that the TS and UB requirement to minimize duplication of services to participants went into effect after the enactment of HEOA, with the publication of final regulations to implement the statute. The new regulatory requirements took effect for new awards issued after the effective date of the HEOA and final program regulations. For TS, that period began in 2011-2012. For UB, that period began in 2012-2013. With regard to TS, two of the years audited by the OIG (2011-2012 and 2012-2013) were subject to the requirement to minimize the duplication of services. With regard to UB, one of the years audited (2012-2013) was subject to this requirement. We ask that the OIG's concerns reflect the implementation of HEOA statutory and regulatory requirements.

Grantees

The draft audit report states that "we identified 304 grantees that expended funds from two or more grant programs, and determined that 86 of the 304 grantees expended funds from all three grant programs. Of those 86 grantees, 27 were state agencies with multiple sub-grantees, and 59 were individual grantees such as colleges and universities." We ask that the OIG provide OPE with a list of the 27 state grantees participating in all three programs (TS, UB and GEAR UP) and describe how OIG determined that these state grantees participated in TS, UB and GEAR UP.

Thank you for the opportunity to respond to the draft audit report. If you have questions about any of our comments, please contact Linda Byrd-Johnson at 202-502-7729.

cc: Rich Rasa