

Georgia Performance Review Report FY 2018

5 2 2019

Commendations

4

Met Requirements

18

Recommendations

1

Action Required

1



U.S. Department of Education
Office of State Support
Office of Elementary and Secondary Education
400 Maryland Avenue, SW
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Office of State Support Performance Review Process

The Office of State Support (OSS) provides coordinated policy development, performance management, technical assistance, and data analysis services through a State support team structure that deepens partnerships with States and more effectively support their implementation of key reforms that will lead to improved outcomes for all students.¹ OSS administers programs of financial assistance to State and local educational agencies and to colleges and universities. Under Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), OSS administers several Title I programs of supplementary instruction and other services. This includes the School Improvement Grants program authorized in section 1003(g) of Title I, Part A, of the ESEA, as amended by the No Child Left Behind Act of 2001 and the Improving Basic Programs Operated by Local Educational Agencies (LEAs) under Title I of the ESEA, as amended by ESSA. Under Title II, Part A of the ESEA, OSS administers the Improving Teacher Quality State Grants. Under Title III of the ESEA, OSS administers the State Formula Grant Program for English Language Acquisition and Language Enhancement. OSS also administers the State Assessment Grant, Innovative Assessment and Accountability Demonstration Authority, and Flexibility for Equitable Per-Pupil Funding programs authorized in section 1201, 1204, and 1501 of the ESEA.

OSS is organized specifically to provide high-quality performance management and support to State educational agencies (SEAs) in administering and leveraging the grant programs above, focusing on the SEAs' quality of implementation while continually reducing the burden of the United States Department of Education's (the Department's) necessary stewardship and compliance role. Quarterly progress checks, Desk Reviews, and On-Site Reviews help ensure that SEAs are making progress toward increasing student achievement and improving the quality of instruction for all students through regular conversations about the quality of SEA implementation of OSS administered programs.

The goals of the OSS performance review process are to conduct a State-centered, performance-focused review of all OSS programs through a single, streamlined process that results in improved and strengthened partnerships between the Department and States and encourages States to develop and effectively implement integrated and coherent consolidated State plans. To accomplish these goals, the OSS performance review process is organized by areas, which reflect the programmatic and fiscal requirements and priorities of OSS programs.

Performance Review Report

The Performance Review Report summarizes the results of the September 10 – September 13, 2018, OSS review of the Georgia Department of Education (GaDOE's) grant administration and fiscal management processes. The report is based on information provided through the review process, and other relevant qualitative and quantitative data. The primary goal of this review is to ensure that implementation of the four programs listed above is consistent with the fiscal,

¹ In January 2019, the Office of Elementary and Secondary Education reorganized. As a result, the newly created Office for School Support and Accountability (OSSA) assumed program administration responsibilities previously held by the OSS. Because this report occurred prior to the reorganization, OSS is used throughout this report.

administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the ESEA, as amended by the ESSA, and, where applicable, NCLB. In addition, the review covers State internal controls related to data quality and reporting and encompasses those fiscal and data reporting requirements applicable to the covered programs under both NCLB and the ESSA.²

² To ensure that the OSS performance review process did not interfere with an SEA's transition to the ESSA requirements, in fiscal years (FYs) 2016 and 2017 the OSS reviewed for compliance fiscal and select program requirements applicable to covered programs under NCLB and ESSA, as well as the uniform administrative requirements and general management systems of SEAs. The number of program requirements under review increased in subsequent years and will result in a comprehensive review of fiscal and program requirements in FY 2019. Because this report of FY 2018 summarizes the results of a non-comprehensive set of ESSA and, where applicable, NCLB compliance requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report. In addition, as part of the FY 2018 Performance Review, the OSS asked Georgia to complete a self-assessment and provide supporting documentation on the State's implementation of a number of accountability-related requirements. Recognizing that many States were not yet implementing their new accountability systems in alignment with new requirements under the ESEA, as amended by ESSA, or their approved State Plans in the 2017-2018 school year, the OSS only reviewed sections of the self-assessment and documentation that related to requirements that were applicable.

Section I: State Overview

As part of this document the OSS includes relevant State background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), or through standard oversight activities.

Section II: Grant Administration and Fiscal Management Performance Evaluation

The information provided in Section II is intended to help a State quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to State activities by area, in a manner that enables the State to achieve its strategic goals for the reviewed Federal programs. The section provides the State and the OSS' rating of performance on grant administration of applicable Title I, Part A; Title II, Part A; Title III, Part A; and School Improvement Grant programs in FY 2017. Each area rating is a reflection of how a State is addressing fiscal and cross program requirements. The State rating column is populated based on the self-assessment completed by the State prior to the review. OSS' analysis for each area is primarily based on evidence submitted by the State in the form of answers to the self-assessment questions, documents submitted by the State prior to the review, and the responses provided to questions during the review.

OSS' rating is also informed by evidence collected through public sources and other components of the performance review process. In some cases area ratings may overlap (e.g., Risk Assessment and Procurement) and feedback is provided in the cross-cutting subsection that appears at the end of Section II.

Ratings are based on a four-point scale, for which “met requirements with commendation” represents high quality implementation where the grantee is exceeding expectations; “met requirements” indicates that work is of an acceptable quality and the grantee is meeting expectations; “met requirements with recommendations” indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and “action required” indicates there are significant compliance or quality concerns that require urgent attention by the SEA and will be revisited until the State has remedied the issue.

Section III: Met Requirements with Commendation



This section highlights the areas where the State has exceeded requirements and is commended on the grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as “met requirements with commendation”). In addition, this section provides an opportunity for the OSS to highlight those areas where the State has implemented an innovative or highly successful system or approach. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section IV: Met Requirements



This section identifies those areas where the OSS has determined that the State has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Section II of this report (*i.e.*, those areas categorized as satisfactory quality, “met requirements”). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section V: Met Requirements with Recommendations



This section identifies those areas where the OSS has quality implementation concerns related to grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as quality concerns, “met requirements with recommendations”). In these instances, the OSS is determining that the State is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the OSS will provide a recommendation for improvement, but is not requiring the State to take any further action.

Section VI: Action Required



This section identifies those areas where the OSS has “significant compliance and quality concerns” (corresponds to “action required” in Section II). For those issues the OSS will outline the current practice, the nature of noncompliance, and the required action. Documentation of required action must be provided to the OSS within thirty (30) business days of the receipt of the final Performance Review Report.

State Overview³



COVERED GRANT PROGRAMS

TITLE I, PART A; TITLE II, PART A (TITLE II); TITLE III, PART A (TITLE III), SCHOOL IMPROVEMENT GRANTS (SIG)



STUDENT CHARACTERISTICS

| | | | |
|----------------------------------|-----------|------------------------------------|-----|
| Enrolled: | 1,757,237 | Limited-English Proficiency: | 6% |
| In Title I Schools: ⁴ | 63% | Eligible for Free & Reduced Lunch: | 62% |



RACIAL/ETHNIC BACKGROUND (%)

| | | | |
|-----------|------|-----------------------------------------|-----|
| White: | 41.0 | Asian or Pacific Islander: | 3.8 |
| Hispanic: | 14.6 | American Indian/Alaskan Native: | 0.2 |
| Black: | 36.9 | Native Hawaiian/Other Pacific Islander: | 0.1 |



SCHOOL & LOCAL EDUCATIONAL AGENCY (LEA) CHARACTERISTICS

| | | | |
|-------------------|-------|--------------------------------------|----------|
| School Districts: | 218 | FTE Teachers: | 113,031 |
| Schools: | 2,335 | Per-Pupil Expenditures: ⁵ | \$ 9,236 |
| Charter Schools: | 82 | | |



FEDERAL FUNDING⁶

| | | | |
|-------------------|---------------|--------------------|--------------|
| Total: | \$626,608,032 | Title III, Part A: | \$15,380,461 |
| Title I, Part A: | \$539,925,530 | SIG: ⁷ | \$16,664,598 |
| Title II, Part A: | \$54,637,443 | | |

³ Data Source: The Department, CCD, 2015-2016 school year, unless otherwise noted (see <http://eddataexpress.ed.gov/> and <http://nces.ed.gov/ccd/elsi/> for additional information).

⁴ Schools eligible for Title I, Part A schoolwide programs are also included in the count of all Title I, Part A eligible schools. A Title I, Part A eligible school is one in which the percentage of children from low-income families is at least as high as the percentages of children from low-income families served by the LEA as a whole or because 35 percent or more of the children in the school are from low-income families. A schoolwide Title I, Part A eligible school has a percentage of low-income students that is at least 40 percent. Data is from 2014-2015.

⁵ Data Source: The Department, NCES, CCD, "National Public Education Financial Survey (State Fiscal)", 2013-2014 (FY 2014), v.1a. (see <http://nces.ed.gov/ccd/elsi/> for additional information).

⁶ FY 2017 funds included above are from OSS administered programs that allocate funds to States using a statutory formula. The totals do not reflect all Department funds that flow to a State. States and other entities may also receive funds from grants that are awarded on a competitive basis.

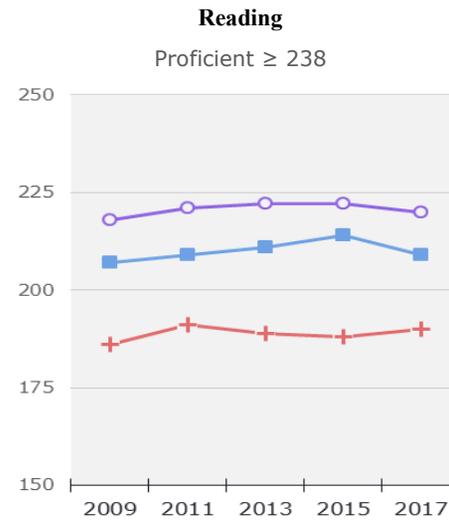
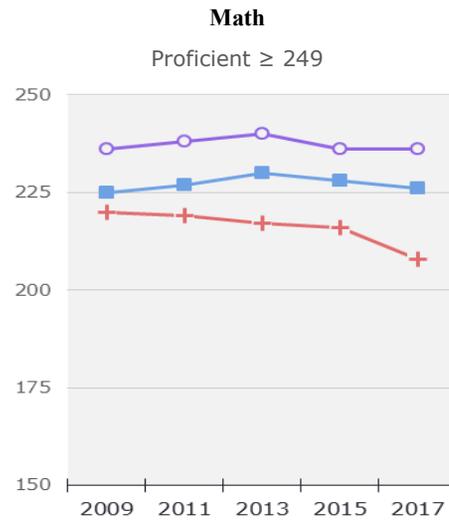
⁷ FY 2015

NAEP Average Scale Scores by Grade & Year

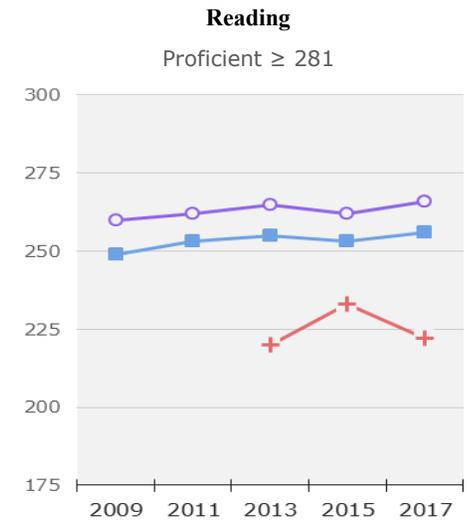
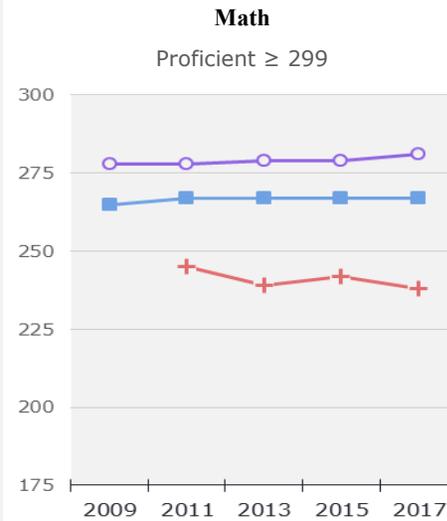
The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of what America's students know. The NAEP mathematics and reading scales range from 0–500.

- All
- Low-income students
- ✚ EL students

Grade 4



Grade 8



| | All | Low-Income | EL |
|------|-----|------------|-----|
| 2009 | 236 | 225 | 220 |
| 2011 | 238 | 227 | 219 |
| 2013 | 240 | 230 | 217 |
| 2015 | 236 | 228 | 216 |
| 2017 | 236 | 226 | 208 |

| | All | Low-Income | EL |
|------|-----|------------|-----|
| 2009 | 218 | 207 | 186 |
| 2011 | 221 | 209 | 191 |
| 2013 | 222 | 211 | 189 |
| 2015 | 222 | 214 | 188 |
| 2017 | 220 | 209 | 190 |

| | All | Low-Income | EL ⁸ |
|------|-----|------------|-----------------|
| 2009 | 278 | 265 | ‡ |
| 2011 | 278 | 267 | 245 |
| 2013 | 279 | 267 | 239 |
| 2015 | 279 | 267 | 242 |
| 2017 | 281 | 267 | 238 |

| | All | Low-Income | EL ⁹ |
|------|-----|------------|-----------------|
| 2009 | 260 | 249 | ‡ |
| 2011 | 262 | 253 | ‡ |
| 2013 | 265 | 255 | 220 |
| 2015 | 262 | 253 | 233 |
| 2017 | 266 | 256 | 222 |

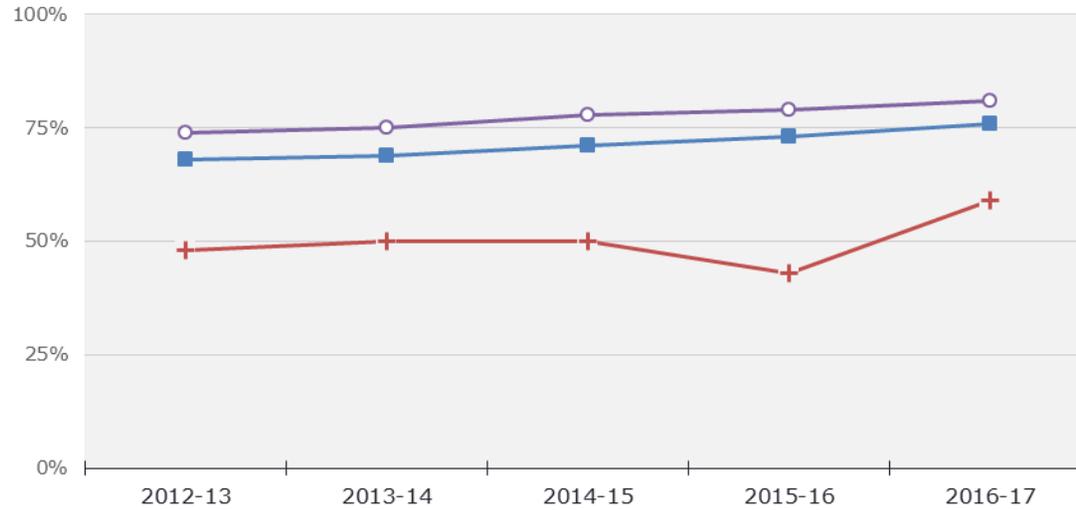
⁸ ‡ Reporting standards not met.

⁹ ‡ Reporting standards not met.

ADJUSTED COHORT GRADUATION RATE (ACGR) BY SCHOOL YEAR

The four-year adjusted cohort graduation rate is the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. From the beginning of 9th grade (or the earliest high school grade), students who are entering that grade for the first time form a cohort that is “adjusted” by adding any students who subsequently transfer into the cohort and subtracting any students who subsequently transfer out, emigrate to another country, or die. There are some differences in State implementation of the ACGR requirements, leading to the potential for differences across in how rates are calculated. See <http://www2.ed.gov/admins/lead/account/consolidated/index.html> for additional information on interpreting this data)

- All
- Low-income students
- + EL students



| | All | Low Income | EL |
|---------|-----|------------|-----|
| 2012-13 | 74% | 68% | 48% |
| 2013-14 | 75% | 69% | 50% |
| 2014-15 | 78% | 71% | 50% |
| 2015-16 | 79% | 73% | 43% |
| 2016-17 | 81% | 76% | 59% |

SECTION II

Grant Administration and Fiscal Management Evaluation

| | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dates of Review | September 10 – September 13, 2018 |
| Reviewers | <p>Pat Rattler (Office of State Support)</p> <p>Tiffany Forrester (Office of State Support)</p> <p>Jameel Scott (Office of State Support)</p> <p>Jim Butler (Office of State Support)</p> <p>John Keefer (Management Support Unit)</p> |
| LEA Participants | <p>Fulton County School District (Atlanta, GA)</p> <p>Clayton County School District (Jonesboro, GA)</p> |
| Current Grant Conditions | <p>Title I, Part A: Georgia must provide the evidence needed for review and approval of the State’s standards and assessment system under sections 1111(b)(1) and (3) of the ESEA, as amended by NCLB, and as continued under sections 1111(b)(1) and (2) of the ESSA as noted in the letter on April 18, 2018.</p> <p>Title II, Part A: None</p> <p>Title III, Part A: None</p> <p>SIG: None</p> |
| Outstanding Findings | <p>Title I, Part A: None</p> <p>Title II, Part A: None</p> <p>Title III, Part A: None</p> <p>SIG: None</p> |
| High Risk Status | Not Applicable |

Assessment Criteria Key



Met requirements with commendation

High quality implementation & compliance.



Met requirements

Satisfactory implementation & compliance.



Met requirements with recommendation

Satisfactory compliance with quality concerns.



Action required

Significant compliance & quality concerns.

| | | SEA | OSS |
|----------------------------------------------------------------|----------|-------------|-----|
| Accounting Systems and Fiscal Controls | A | | |
| Period of Availability and Carryover | B | | |
| Internal Controls (Control Environment and Control Activities) | C | | |
| Audit Requirements | D | | |
| Records and Information Management | E | | |
| Equipment Management | F | | |
| Personnel | G | | |
| Procurement | H | | |
| Indirect Costs | I | | |
| Charter School Authorization and Oversight | J | | |
| Reservations and Consolidation | K | | |
| Budgeting and Activities | L | | |
| Allocations | M | | |
| Risk Assessment | N | | |
| Subrecipient Monitoring | O | | |
| LEA Support and Guidance | P | | |
| Supplement Not Supplant | Q | | |
| Maintenance of Effort (MOE) | R | | |
| Comparability | S | | |
| Equitable Services | T | | |
| Data Quality | U | | |
| Transparency and Data Reporting | V | | |
| Indicators | W | No Response | |

Annual Meaningful Differentiation

X

No
Response



SECTION III

Met Requirements with Commendation

D.

AUDIT REQUIREMENTS



REQUIREMENT SUMMARY

An SEA is responsible for both resolving the audit findings of subrecipients and for conducting audit follow-up activities and corrective actions for findings from the SEA's yearly Single Audit. An SEA is also required to ensure that subrecipients who meet the audit threshold are audited and the audits are reported according to established timelines.

Uniform Guidance 2 C.F.R. §200.303(d)(2), §200.331(d)(3), §200.331(f), §200.511(a), §200.512, and §200.521(c)



DESCRIPTION OF COMMENDATION

During the review GaDOE provided extensive information and materials related to its processes for tracking subrecipient audit submission and resolving subrecipient audit findings. As part of the submitted materials, GaDOE provided a copy of its “Subrecipient Audit Resolution Guide,” an outstanding comprehensive manual for staff to use when navigating the audit resolution process. The initial section of the guide provides an overview of auditing, including an explanation of both general Uniform Guidance audit requirements and Compliance Supplement requirements specific to GaDOE administered programs and the audit process so that audit resolution staff understand the responsibilities of auditors and how audit findings are identified and structured. To help staff understand the components of an audit report, the guide includes a detailed explanation of the various sections of a sample audit and definitions for common audit terminology.

The guide subsequently provides an overview of GaDOE's audit resolution responsibilities and a detailed explanation of the steps in GaDOE's audit resolution process, with samples of outputs and instructions for staff provided for completing each step. The guide also makes clear that auditing is not a replacement for GaDOE subrecipient monitoring responsibilities, and instructs staff to consider whether an audit finding due to its severity or nature should trigger a subsequent financial or programmatic monitoring review. Overall, the guide provides an overview of a robust subrecipient audit resolution process and presents an extremely useful tool for ensuring consistency and quality within GaDOE's subrecipient audit resolution process.

E.

RECORDS AND INFORMATION MANAGEMENT



REQUIREMENT SUMMARY

An SEA shall keep records that fully show the amount of funds under a grant award or subgrant, how the SEA used the funds, the total costs of Federally supported projects, the share of costs provided from other sources, records to show compliance with program requirements, and any other records needed to facilitate an effective audit. An SEA shall also take reasonable measures to safeguard and protect personally identifiable information (PII). PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual

Uniform Guidance 2 C.F.R. 200.79, 200.303(e), §200.333, §200.336(a)

EDGAR 34 C.F.R. §76.730-731



DESCRIPTION OF COMMENDATION

GaDOE provided the Department with a thorough overview of the process for managing and securing records and information at the agency, including comprehensive documented procedures for safeguarding agency information systems and protecting collected personally identifiable information (PII). Pursuant to a recently passed State law, GaDOE has also begun providing in-depth guidance to LEAs regarding best practices for data security and privacy, including model practices around how student data should be maintained at the school- and LEA-levels. While GaDOE noted that the SEA plans to undertake additional activities in this area, conversations with LEAs during the review highlighted these activities have been particularly impactful and useful in helping identify strategies for data security and ensuring that staff have sufficient understanding of privacy requirements.

J.

CHARTER SCHOOL AUTHORIZATION AND OVERSIGHT



REQUIREMENT SUMMARY

The SEA provides information on OSS programs (i.e., allocations; applications; and requirements, including requirements for proper disposition of equipment and property) to all charter schools and LEAs and Charter Management Organizations (CMOs) or Education Management Organizations (EMOs) that oversee charter schools, has established internal controls related to the charter schools' relationships with their CMOs/EMOs, and has clear procedures that are systematically monitored for orderly closure, where applicable.

ESEA §1122(c) and 1125A(g)(3)

EDGAR 34 C.F.R. §74.42, §74.45-46, §74.48, §75.525(a), §75.525(b), and §80.36(b)

Uniform Guidance 2 C.F.R. §200.318(c)

Final Audit Report: ED-OIG/A02M0012

DESCRIPTION OF COMMENDATION

In the State of Georgia, charters can be authorized by the State or by an LEA. Charters authorized by the State operate as independent charter LEAs, while charters authorized by an LEA operate as a school within the LEA. As part of the review, GaDOE provided very clear and useful materials, including detailed flow charts, outlining the charter authorization process for both State and locally authorized charters. The materials provided substantial details related to the authorization process, including clear identification of the roles of an LEA, GaDOE, the State Charter School Commission, and the State Board of Education; the information would be very useful to charter applicants in understanding the charter application process regardless of whether local or State authorization was being sought.

GaDOE also provided a very detailed Charter Closure Guide developed by the State Charter School Commission that provides in-depth instructions and checklists for the charter closure process. The guide includes tasks related to parents and students, employees, charter school finances, inventory and facilities, as well as several general tasks (e.g., formation of a transition team to guide the closure process). During the review, it was very clear from conversations with State officials that, while the State Charter School Commission and GaDOE are functionally independent, the two entities work closely and effectively to fulfill their responsibilities for charter school authorization and oversight.

Q.

SUPPLEMENT NOT SUPPLANT



REQUIREMENT SUMMARY

The State and its subgrantees must ensure that funds from the Title I, Part A, Title II, Part A and Title III, Part A programs are used to supplement not supplant State and local funds (as well as other Federal funds for the Title III, Part A program).

ESEA §1114(a)(2)(B), §1120A(b), §2113(f), §2123(b), and §3115(g)

EDGAR 34 C.F.R. §200.79

DESCRIPTION OF COMMENDATION

Under ESSA, how an LEA demonstrates compliance with supplement not supplement changed. To ensure Georgia LEAs comply with the new requirements and allocate State and local funds to schools so that each Title I school receives all of the State and local funds it would otherwise receive if it were not receiving Title I, Part A funds, GaDOE developed sample methodologies and shared them with LEAs. As a result, by July 2018 every LEA had submitted resource allocation methodology plans (RAMP) to GaDOE. During the review Georgia LEAs demonstrated a good understanding of supplement not supplement requirements, likely because GaDOE held several webinars and face-to-face discussions during school year 2017-2018 and provided feedback to LEAs on strategies to improve their RAMPs.

SECTION IV

Met Requirements

B.

PERIOD OF AVAILABILITY AND CARRYOVER



REQUIREMENT SUMMARY

The SEA may only charge a grant program for allowable costs incurred during the period of availability and any pre-award costs that have been authorized by the Department. Unless the Department authorizes an extension, the SEA shall liquidate all obligation incurred under the award not later than 90 calendar days after the end date of the performance period. If the SEA fails to obligate all funds by the end of the award year, it can "carryover" the remaining funds for a period of one additional fiscal year. Any funds not obligated by the end of the carryover period shall be returned by the SEA to the Federal government as an unobligated balance.

Uniform Guidance 2 C.F.R. §200.309 and §200.343(b)

EDGAR 34 C.F.R. §76.707 and §76.709



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

To ensure that GaDOE only utilizes funds within the period of availability for the awards, GaDOE assigns each award an individual accounting code within the financial management system, which facilitates tracking spending and compliance with period of availability requirements. GaDOE grants accounting and federal program staff communicate regularly with LEAs during the award year regarding grant balances and expected spending timelines. GaDOE also monitors carryover balances during the carryover period to ensure that all program expenditures are paid for using the oldest available funding source.

GaDOE has documented carryover calculation and verification processes for subawards and instructions for LEA annual completion reports used to verify year-end spending levels and identify carryover balances. GaDOE also publishes period of available and carryover requirement guidance. Conversations with LEAs corroborated these efforts and made clear that GaDOE frequently monitors award balances and encourages timely spending of Federal funds.

C.

INTERNAL CONTROLS



REQUIREMENT SUMMARY

The SEA shall establish and maintain a system of effective internal controls over Federal awards that provides reasonable assurance that the SEA is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards. These internal controls should be in accordance with guidance stated in the "Standards of Internal Control in the Federal Government" (GAO Green Book) or the "Internal Controls Integrated Framework" (Treadway Commission).

Uniform Guidance 2 C.F.R. §200.303



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

Through the review, GaDOE provided documentation and descriptions regarding multiple facets of its internal controls framework, including its control environment, internal risk assessment, and internal controls monitoring process. For example, GaDOE annually uses a tool to assess internal risks and the performance of control activities, responding where risks or internal controls issues are identified. GaDOE provided numerous materials related to employee ethics and leadership responsibilities, including examples of ethics trainings and a sample of the GaDOE Commissioner's annual Ethics Memorandum. Collectively, the materials and information provided give evidence of a strong and comprehensive internal controls framework.

F.

EQUIPMENT MANAGEMENT



REQUIREMENT SUMMARY

An SEA shall use, manage and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant State laws and procedures. SEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance 2 C.F.R. §200.313-314

GAO Green Book Principle 10.03

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE provided comprehensive equipment management policies and procedures, including procedures for receiving and tagging items, distributing equipment and supplies to internal offices, tracking items within the SEA's financial management system, assigning Asset Custodians for items, amending asset inventory records, and performing reconciliations and inventories. GaDOE also outlined how the agency independently tracks vulnerable assets (i.e., items that are high value, mobile, or otherwise at risk of loss or theft) and provided a sample of the agency's "Pilferable Items Log" that is used to independently monitor those items.

To ensure subrecipient compliance with applicable Federal and State equipment management requirements, GaDOE include reviews of LEA asset listings, inventory procedures, and disposition procedures as part of its cross-functional subrecipient monitoring process. Conversations with LEAs during the review confirmed that GaDOE monitoring staff review equipment policies and asset listings as part of on-site monitoring visits.

G.

PERSONNEL**REQUIREMENT SUMMARY**

An SEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance 2 C.F.R. §200.430

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

As part of the Department's review, GaDOE provided comprehensive time and effort procedures and samples of time and effort documentation for employees that both work full-time on single Federal cost objectives (semi-annual certifications) and that work on multiple cost objectives (personnel activity reports). Under GaDOE policies, all personnel charges are originally based on estimates determined in accordance with an employee's established job description, with reconciliations made where after-the-fact documentation of time and effort provided diverge from the previously established estimates. Under GaDOE time and effort policies, and as evidenced by the sample time and effort documents provided, supervisors must certify the time and effort documentation of their subordinates.

GaDOE evaluates LEA compliance with requirements for charging personnel expenditures to Federal programs during both the application review stage and during cross-functional monitoring. GaDOE reviews all proposed personnel expenditures for allowability during the review of program budgets as part of its application review process, while LEAs are required to submit samples of time and effort documentation for employees randomly selected from the list of positions included in the approved program budgets.

H.

PROCUREMENT



REQUIREMENT SUMMARY

An SEA shall ensure that all relevant State procurement procedures are followed when procuring goods and services using Federal funds. An SEA must also maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specification of their contracts.

Uniform Guidance 2 C.F.R. §200.317, §200.322, and §200.326



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

During the review, GaDOE provided a copy of its procurement manual, which includes both statewide and agency-specific procurement procedures. According to the procedures, transactions are initiated and conducted primarily through the State's financial management system, with a sequenced review and execution process carried out from initial requisition to completion. GaDOE's procedures also include provisions around the use of agency purchase cards ("P-cards") which are used for micro-purchases, to ensure that staff authorized to use P-cards do not violate procurement requirements or otherwise abuse the purchasing option.

GaDOE provides guidance to LEAs regarding Federal procurement requirements through its Federal Programs Handbook and evaluates LEA compliance with Federal procurement requirements during cross-functional monitoring reviews. Conversations with LEAs confirmed that GaDOE reviews sample procurement transactions and documented procurement procedures as part of on-site monitoring reviews.

I.

INDIRECT COSTS



REQUIREMENT SUMMARY

An SEA shall ensure that indirect costs are only charged at the correct indirect cost rate. An indirect cost is a cost that is incurred for the benefit of the entire organization.

Uniform Guidance 2 C.F.R. §200.414

EDGAR 34 C.F.R. §76.560-569



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE provided the Department with evidence regarding the process for calculating indirect costs and establishing LEA indirect cost rates, communicating the rates to LEAs, and verifying the accuracy of LEA indirect cost charges. During the subaward application process, GaDOE provides LEAs with a worksheet that can be used to determine the maximum amount of indirect costs that could be charged based on an LEA's individual indirect cost rate. At the completion of the FY, actual LEA indirect cost charges are reviewed as part of the review of year-end completion reports.

K.

RESERVATIONS AND CONSOLIDATION



REQUIREMENT SUMMARY

The SEA shall ensure that the amount of program funds reserved for administration and other State activities does not exceed statutory limits for each program. SEAs are permitted to consolidate the administrative set-asides from several ESEA programs (Title I, Title IIA, Migrant Education Program, Negligent and Delinquent Youth Program, Rural and Low Income Schools Program, and the 21st Century Community Learning Centers Program) in order to administer them collectively.

ESEA §1003(a), §1003(g)(8), §1004(a)(1), §2113(c), §2113(d), §3111(b)(3), and §9201(a)

EDGAR 34 C.F.R. 299.4



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE provided the Department with evidence that the amount of funds reserved from each of the covered programs for administration and State activities reservations was in accordance with applicable requirements and demonstrated they implement a rigorous process to determine reservation amounts. In school year 2017-2018 GaDOE piloted consolidating administrative reservations from the covered programs for four LEAs and based on a successful pilot, opened it up for all LEAs in school year 2018-2019.

L.

BUDGETING AND ACTIVITIES



REQUIREMENT SUMMARY

An SEA and its subrecipients can only use program funds for allowable costs, as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives.

Uniform Guidance 2 C.F.R. §200.403-408 and §200.420-475

EDGAR 34 C.F.R. §76.530

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

During its consolidated application review process, GaDOE reviews proposed program budgets for each of the covered programs, examining activities and expenditures for their allowability based on program requirements. GaDOE has regional and area specialists who review budgets for LEAs to ensure allowability and accuracy. These specialists also provide training and technical assistance to LEAs. Once the SEA receives the applications, as part of the budget evaluation, GaDOE staff examine both LEA- and school-level expenditures for allowability. If the budget review identifies a questionable expenditure, GaDOE requires the LEA to provide justification for the expenditure. If the LEA cannot justify the expenditure as a reasonable and necessary expenditure under the program in question, or if the expenditure is prohibited under applicable requirements, the LEA must remove the item before the budget can be approved.

To ensure that LEAs understand expectations and requirements for the uses of program funds, GaDOE provides continual feedback and technical assistance for LEAs during the budget review process, through both the regional specialists and state office program managers and officials. GaDOE provides guidance and targeted technical assistance to LEAs around cost allowability and works with LEAs to ensure that all information in the LEA budget is aligned to program objectives and approvable in accordance with program requirements.

M.

ALLOCATIONS



REQUIREMENT SUMMARY

SEAs shall ensure that, when subawarding funds to LEAs or other subrecipients, it makes subawards in accordance with applicable statutory requirements (including requirements related to the process for subawarding funds and the amounts to be subawarded to individual subrecipients).

ESEA §1124, §1124A, §1125, §1126(b), §2121, §2122(a), §2132, §3111(b)(1), §3114, §3116(a), §1003(g)(5), and §1003(g)(7)

EDGAR 34 C.F.R. §76.50-51, §76.300, and §76.789



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE conducts extensive outreach to LEAs to communicate the application and eligibility requirements for each of the covered programs. At the start of each FY, GaDOE provides in-person support and hosts webinars to communicate program eligibility requirements, the application process, and post-award administrative processes. GaDOE also conducts training for new and expanded charter LEAs and provides charter schools with guidance (“Charter School Packet”) to ensure that those LEAs understand the funding opportunities available to them and the relevant application process.

To calculate awards program managers work with the GaDOE financial division to gather supplementary data, which is used in combination with data obtained from the Department (i.e., attendance data, poverty data, and direct certification data) in allocation formulas. This process includes multiple data checks, to ensure accuracy of allocations.

GaDOE reviews LEA applications and determines subgrant amounts using established guidance and criteria for each program. GaDOE maintains documented allocation procedures to assist all program staff in the process of reviewing applications and calculating subgrant amounts. GaDOE also uses formulated spreadsheets to enter funding and eligibility data for each LEA in an effort to minimize the potential for human error to result in misallocations. GaDOE requires multiple levels of supervisory review for each allocation calculation to ensure that all data is entered accurately and that all calculations have been performed correctly (including whether applicable hold-harmless amounts have been met for LEAs).

N.

RISK ASSESSMENT



REQUIREMENT SUMMARY

In order to determine the appropriate method and level of subrecipient monitoring, an SEA shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Uniform Guidance 2 C.F.R. §200.331(b)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE convenes an annual audit committee meeting to review post-award risk assessment, based on 24 risk factors. The committee, comprised of officials from the Georgia Department of Audits, State Board of Education, and GaDOE's offices of Internal Audits and Finance & Business Operations, determines the LEAs that will receive on-site monitoring due to a high-risk designation. High-risk LEAs are subject to monitoring that is carried out in partnership with the offices of Internal Audits and Federal Programs. In addition to identifying LEAs to receive on-site monitoring, the risk assessment tool is also used to help shape the monitoring plan and protocol for on-site visits. Specifically, GaDOE ensures that program reviewers pay particular attention to those areas that contributed to an LEA's high score during the risk assessment process.

O.

SUBRECIPIENT MONITORING



REQUIREMENT SUMMARY

An SEA shall monitor local educational agencies (LEAs) and any other entities, including external providers, receiving Federal funds from programs covered in the Consolidated State Plan to ensure that performance goals are achieved and that subawards are used for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Uniform Guidance 2 C.F.R. §200.331(d)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE demonstrated it conducts sufficient subrecipient monitoring. GaDOE uses a risk-based, multi-faceted approach to subrecipient monitoring, including self-monitoring reviews, enhanced self-monitoring reviews, desk reviews, and on-site reviews. GaDOE requires subrecipients to address any identified issues and provide documentary evidence of implemented changes. GaDOE also provides technical assistance to LEAs, by way of webinars, seminars, guidance, and one-on-one training in order to ensure that program funds are used only for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

P.

LEA SUPPORT AND GUIDANCE



REQUIREMENT SUMMARY

An SEA shall have procedures for providing technical assistance and evaluating how project funds were spent, if they were spent in compliance with statutes and regulations, and if expected outcomes were achieved as a result of spending.

EDGAR 34 CFR 76.770

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE provides guidance and technical assistance to LEAs through a variety of methods. The SEA provides LEAs with a consolidated program handbook, which includes program specific supplements. GaDOE also hosts an annual summer training conference for all LEAs, focusing on newly required program requirements and issues that have come up through communications with LEAs during the course of the year. During this summer conference GaDOE also provides training for new LEA leaders. In addition, GaDOE staff regularly share program updates, guidance, and best practices with LEAs through newsletters, their website, and email listservs. If issues arise that require more in-depth guidance than would be possible through the newsletters, but which need to be addressed prior to the annual summer conference, GaDOE staff conducts webinars or conference calls to ensure timely communication. Additionally, GaDOE provides individual training to ensure that guidance and technical assistance efforts are meeting LEA needs, surveys LEA regularly, and engages in informal discussions with LEA staff regarding questions, issues or challenges experienced in program implementation.

R.

MAINTENANCE OF EFFORT



REQUIREMENT SUMMARY

An SEA shall ensure that each LEA shall have an amount of funding not less than 90% of the amount available the preceding year.

ESEA §9521

EDGAR 34 C.F.R. 299

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE provided sample maintenance of effort (MOE) calculations and copies of the procedures used to calculate MOE on behalf of its subrecipients for the covered programs. The GaDOE Financial Review Division collects year-end financial data from each LEA in an automated system. The system reviews the data to make MOE calculations, and reviews previous years MOE findings to ensure alignment with Federal guidelines. The SEA and its subrecipients use the same financial management system, and as a result GaDOE is able to directly access and review required financial information for completing the calculations. GaDOE's written procedures list the specific categories of financial data to be included and excluded in the calculations, provide step by step instructions for understanding the calculations, outline the communication process for subrecipients who fail to meet MOE, and list the standards and process for requesting an MOE waiver from the Department.

S.

COMPARABILITY**REQUIREMENT SUMMARY**

The SEA may only provide Title I, Part A funds to an LEA if State and local funds will be used in schools served by Federal programs to provide services that, on the whole, are at least comparable to services in schools that are not receiving Title I funds.

ESEA §1120A(c)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

GaDOE uses an automated system to annually collect and evaluate student enrollment and staffing data to enable the SEA to perform comparability determinations. GaDOE provides clear instructions for LEAs regarding the submission of data to be used for comparability reports, with specific information required based on individual LEA characteristics. Where GaDOE identifies that an LEA has failed to demonstrate comparability, the SEA requires the LEA to take steps to address the deficiencies and provide evidence demonstrating the LEA has taken steps to resolve the issue.

T.

EQUITABLE SERVICES



REQUIREMENT SUMMARY

An SEA shall ensure that LEAs use Federal funds to provide benefits to eligible children enrolled in private schools and to ensure that teachers and families of participating private school children participate on an equitable basis.

ESEA §1117, §8501

ESEA Regulations 34 C.F.R. 299.6, 34 C.F.R. 299.9

Title I Regulations 34 C.F.R. 200.62-67

EDGAR 34 C.F.R. 76.661



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE ensures that LEAs provide required equitable services to eligible students attending private schools during both the pre-award and post-award phase, as well as through regular technical assistance regarding equitable services requirements. The GaDOE ombudsman provides information on equitable services to LEAs and private schools. During the subaward application process for the Title I, Part A, Title II, and Title III programs, LEAs must provide student counts for eligible students attending private schools and a calculation for the equitable services set-aside generated by each individual private school (the “equitable share” for each school). GaDOE also monitors LEA consultation and complaint procedures, as well as the actual provision of equitable services.

U.

DATA QUALITY



REQUIREMENT SUMMARY

An SEA is required to have appropriate procedures in place to ensure that the data reported to the public and the Department are high quality (i.e., timely, complete, accurate, valid, and reliable).

ESEA §1111(h) (4)

Government Accountability Office's "Standards for Internal Control in the Federal Government" (GAO Green Book)

Uniform Guidance 2 CFR 200.303 and 2 CFR 200.328(b)

OMB Circular A-133 Compliance Supplement: Department of Education Cross-cutting Section

Final Audit Report: ED-OIG/A0600001



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

To ensure data reported by GaDOE are of high quality, edit checks are included within the data submission systems, including warning flags for users, with the goal of preventing inaccurate data from being submitted. GaDOE also requires certification of its data by an authorized LEA official and conducts desktop monitoring of LEA data submissions at the end of the school year. LEAs with repeated data quality issues may be referred to the GaDOE monitoring team for additional scrutiny.

W.

INDICATORS**REQUIREMENT SUMMARY**

An SEA must measure, on an annual basis, all required indicators for all students and each subgroup of students. For purposes of the academic achievement indicator, the SEA must ensure that at least 95 percent of all students and each subgroup of students are assessed annually on the State's reading/language arts and mathematics assessments.

ESEA §1111(c) (4) (B), §1111(c) (4) (E), §8101(23), §8101(25)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

In regards to the GaDOE's graduation rate indicator, the original documentation provided by the State prior to the performance review demonstrated that the State inappropriately calculated the adjusted cohort graduation rate by including students who meet the SEA's pathway for students with significant cognitive disabilities to receive a regular high school diploma into the State's four and five year graduation rate calculations.

The GaDOE reported that 415 students received a general high school diploma through alternate pathways in 2018 and these students were included in the 4 year adjusted cohort graduation rate calculation for Federal purposes.

Subsequent to the performance review, the Department communicated with the State to discuss options to correct the State's graduation rate calculation for Federal purposes.

On December 21, 2018, the GaDOE sent confirmation to the Department that it updated graduation rate data in the EDFacts system for the 2016-2017 school year, including a data note that explains the reason for the update has been completed. GaDOE also confirmed that the graduation rate data used for Federal accountability will exclude these students who do not meet the ESEA requirements for being included in the adjusted cohort graduation rate.

X.

ANNUAL MEANINGFUL DIFFERENTIATION



REQUIREMENT SUMMARY

A State must establish a system of annual, meaningful differentiation of all public schools in the State based on all indicators in the State's accountability system for all students and for each subgroup of students. Each academic indicator (academic achievement; "other academic" indicator for Elementary and Secondary schools that are not high schools; progress in achieving English language proficiency; and graduation rate for high schools) must receive substantial weight individually and, in the aggregate. Additionally, each academic indicator must receive much greater weight than the school quality or student success indicator(s), in the aggregate. The system must include the differentiation of any school in which any subgroup of students is consistently underperforming, as determined by the State, based on all indicators. Students must be included consistent with the partial attendance requirements in section 1111(c) (4) (F).

ESEA §1111(c) (4) (C), §1111(c) (4) (F)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

GaDOE made accountability determinations through its system of annual meaningful differentiation in November 2018. GaDOE followed calculation guides for its accountability system by grade level, which align with Georgia's approved State plan.

SECTION V

Met Requirements with Recommendation

A.

ACCOUNTING SYSTEMS AND FISCAL CONTROLS



REQUIREMENT SUMMARY

An SEA shall expend and account for Federal funds in accordance with State laws and procedures for expending and accounting for State funds. State accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. SEAs must have written procedures for determining cost allowability and must maintain effective control over all funds.

Uniform Guidance 2 C.F.R. 200.302

EDGAR 34 C.F.R. 76.702



ISSUE

GaDOE provided copies of detailed procedures for the SEA's accounting system, including content for each module within the State financial management system. The procedures for each module are targeted to agency-specific personnel and provide explicit instructions for staff in accomplishing financial management tasks, an important feature for ensuring consistency in operations and protecting against risks of human error. During the review, GaDOE described the annual reconciliation process as well as a monthly process to monitor award balances and spending patterns.

While GaDOE was able to describe the various procedures and controls in place to ensure that all Federal expenditures are for allowable costs, as well as copies of guidance to LEAs around the use of funds, the SEA was unable to provide consolidated, documented procedures that capture the various processes described in the review.



RECOMMENDATION

The Department recommends that GaDOE develop comprehensive, documented procedures outlining the various processes and controls utilized at the SEA to ensure that funds are used only for allowable costs. Such procedures could help ensure consistent treatment of costs across programs and activities, allow for identification of where additional controls might be necessary, and facilitate training for new staff around the requirements for cost allowability.

Action Required

V.

TRANSPARENCY AND DATA REPORTING



ISSUE

Under ESEA §1111(h), an SEA and its LEAs are required to prepare timely, annual report cards that include information related to student and school performance within the State. For data from the 2016-2017 school year, each State was required to continue to implement the report card requirements under Title I, Part A of the ESEA, as amended by NCLB, except for specific provisions that the Department has communicated to States no longer required in order to ensure an orderly transition to the ESSA.¹⁰

For the 2017-2018 school year the State report card did not include:

- The number and percentage of teachers teaching with emergency or provisional credentials (in the aggregate and disaggregated by high poverty compared to low-poverty schools); or
- The most recent available results on the State’s National Assessment of Educational Progress (NAEP) reading and mathematics assessments, by percentage of students at each achievement level in the aggregate and disaggregated by major racial and ethnic groups, students with disabilities, English learners, and economically disadvantaged subgroups, in grades four and eight.

For the 2017-2018 school year the LEA report card did not include:

- The number and percentage of teachers teaching with emergency or provisional credentials (in the aggregate and disaggregated by high poverty compared to low-poverty schools)

REQUIREMENT SUMMARY

An SEA and its LEAs are required to prepare and annually disseminate report cards that include all required elements to the public in a timely manner.

ESEA §1003(f) and §1111(h) (1)

Title I Regulations 34 C.F.R. §200.11, §200.19(b)

¹⁰ See FAQ C-9 from the Department’s June 29, 2016, document “Transitioning to the Every Student Succeeds Act (ESSA)” for additional details at <https://www2.ed.gov/policy/elsec/leg/essa/essafaqstransition62916.pdf>.

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REQUIRED ACTION

Within 30 business days of receiving this report, GaDOE must provide evidence that the State and LEA report cards for the 2017-2018 school year include all missing information outlined above