

Accountability and Oversight

RACE TO THE TOP FISCAL ACCOUNTABILITY AND OVERSIGHT REVIEW

Massachusetts

Date of Review: June 10, 2013

Race to the Top award: \$250,000,000.00

Acronyms:

ARRA – American Recovery and Reinvestment Act of 2009

EDGAR – *Education Department* General Administrative Regulations (codified in 34 Code of Federal Regulations, Parts 74 to 86 and 87 to 99)

GEPA – General Education Provisions Act

ISU – Implementation and Support Unit

LEA – Local Educational Agency

Summary of Monitoring Indicators

Massachusetts				
Critical Element	Requirement	Citation	Results	Page
Allocations to LEAs	The State allocated funds to participating LEAs based on their relative share of funding under Title I, Part A of the Elementary and Secondary Education Act of 1965.	ARRA Section 14003(a)	Met Requirement	
Fiscal Oversight of Race to the Top Funds	The State and sub-recipients used the funds only for allowable activities.	ARRA Sections 14002(b), 14003, 14004, 1604, 1605, and 1606	Met Requirement	
	The State and sub-recipients complied with the principles of cash management (i.e. funds advanced were actually expended).	EDGAR § 80.21	Issues Pending	
	The State and sub-recipients have systems to track and account for Race to the Top funds in place.	EDGAR § 80.20	Met Requirement	
	The State and sub-recipients complied with cross-cutting ARRA requirements (e.g., Section 1512 reporting, Buy American, infrastructure certification).	ARRA Sections 1511, 1512, 1604, 1605, 1606, and 1607	Met Requirement	
	The State and sub-recipients used the funds only during the period of availability (which may include pre-award costs).	ARRA Section 1603 and GEPA 421(b)	Met Requirement	
1511 Certifications (if applicable)	The State certifies that infrastructure investments have received the full review and vetting required by law and accepts responsibility that it is an appropriate use of taxpayer dollars.	ARRA Section 1511	Met Requirement	
Quarterly ARRA Reporting	The State is ensuring compliance with ARRA Section 1512 quarterly reporting regulations.	ARRA Section 1512	Met Requirement	
	The State established clear policies and procedures for compliance with applicable reporting requirements.	ARRA Sections 14008 and 1512	Met Requirement	
	The State provided guidance on reporting to LEAs.	ARRA Sections 14008 and 1512	Met Requirement	
	The State provided feedback to LEAs on the data reported.	ARRA Sections 14008 and 1512	Met Requirement	

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Critical Element	Requirement	Citation	Results	Page
Sub-recipient Monitoring	The State has developed a monitoring plan with appropriate policies and procedures to assure compliance with applicable Federal requirements and that the grant performance goals are being achieved throughout the project period.	EDGAR §80.40; Race to the Top grant condition “O”	Met Requirement	
	The State has developed comprehensive monitoring protocols that include programmatic and fiscal monitoring.	EDGAR §80.40; Race to the Top grant condition “O”	Met Requirement	
	The State has established a reasonable monitoring schedule.	EDGAR §80.40; Race to the Top grant condition “O”	Met Requirement	
	The State has provided monitoring reports and corrective action follow-up (when available).	EDGAR §80.40; Race to the Top grant condition “O”	Met Requirement	

Monitoring Report Results

Issues Referred

Critical Element: Fiscal Oversight of Race to the Top Funds

Requirement and Citation: The State and its sub-recipients must comply with the principles of cash management; EDGAR 34 CFR § 80.21

Issue: The Department was not able to verify that the State is in compliance with Federal cash management requirements. During the review, each of the LEAs provided documentation indicating that the State advanced their initial allocations prior to any expenditure in fiscal year 2013. Of the three sample reports provided for the review, it appears that two of the LEAs did not expend the advanced funds within three to five days of receiving the funds. Though the funds had not been spent at the local level, the State received reimbursement one week after advancing the funds to the LEAs.

In addition, during the Department's on-site review of LEA fiscal documentation, the Department was not able to verify that LEAs are in compliance with Federal cash management requirements. Of three sample reports provided for the review, it appears that at least one LEA drew down more Race to the Top funds than it expended for immediate obligation; and with, documentation that the Race to the Top funds reside in an interest bearing account at the local level, the Department determined that the LEA accrued interest on Race to the Top funds.

The Department determined that the State is implementing the cash management procedures as described. However, the Department does not believe that the State's procedures result in LEAs complying with cash management requirements or in the State identifying those LEAs that accrued interest on their Federal funds. Because the issue identified during the review affects other Department programs, the ISU has provided the information received regarding cash management to the Department's Risk Management Services (RMS) for further review, and that office will determine any further actions.