

Accountability and Oversight

RACE TO THE TOP FISCAL ACCOUNTABILITY AND OVERSIGHT REVIEW

New York

Date of Review: May 5-9, 2014

Race to the Top award: \$696,646,000.00

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

New York				
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	Met Requirement	
	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	

New York				
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"	Issues Resolved	4
	The State has developed comprehensive monitoring protocols that include programmatic and fiscal monitoring.	EDGAR §80.40; Race to the Top grant condition "O"	Issues Resolved	4
	The State has established a reasonable monitoring schedule.	EDGAR §80.40; Race to the Top grant condition "O"	Issues Resolved	4
	The State has provided monitoring reports and corrective action follow-up (when available).	EDGAR §80.40; Race to the Top grant condition "O"	Issues Pending	4

NOTES:

Description of Backup Documentation for Fiscal Oversight of Race to the Top Funds

The evidence the State and LEAs submitted prior to and during the Year 4 review is consistent with the requirements in Attachment 2.¹

Outstanding Issues, Concerns, or Clarifications for Verification

The evidence reviewed demonstrates that the State properly allocates funds to participating LEAs. It is the Department's understanding that the State reallocated funds prior to SY 2013-2014 to its current participating LEAs to adjust for LEAs that are no longer participating, and that the State plans to do an additional reallocation in the future. The State must ensure that participating LEAs' Scopes of Work account for their full revised allocations to ensure allowable uses of funds.

¹ Note: One LEA included in the Year 4 review did not have a SY 2013-2014 approved budget from the State by the April 2014 submission date for evidence supporting the onsite visit. This budget was approved during the review period, but evidence provided for this LEA pertained to SY 2012-2013.

Monitoring Report Results

Issues Pending and Resolved

Critical Element: Sub-recipient monitoring

Requirement and Citation: The State has developed a monitoring plan with appropriate policies and procedures; the State has developed comprehensive monitoring protocols that include programmatic and fiscal monitoring; the State has established a reasonable monitoring schedule; the State has provided monitoring reports and corrective action follow-up (when available). (EDGAR §80.40; Race to the Top grant condition “O.”)

Issue: The Department indicated in the Years 2 and 3 Fiscal Accountability and Oversight reviews that it would follow up regarding the implementation of the State’s monitoring plan. During the Year 3 review, the Department found that, while the State had finalized its Race to the Top sub-recipient monitoring plan that includes data collection/desk audits, comprehensive fiscal audits, and onsite programmatic monitoring, and conducted a risk assessment of participating LEAs, it had limited evidence of implementing the components in the sub-recipient monitoring plan through fall 2013. The Department indicated it would further review the State’s implementation of its programmatic and fiscal monitoring of LEAs and vendors during the Year 4 program review onsite visit.

The State provided documentation to evidence its progress implementing its sub-recipient monitoring plan updated in December 2013. As of May 2014, the State Administrative Service Group (ASG) completed field work for 17 of the 31 LEAs identified through a risk analysis in Year 3 and issued three draft reports to LEAs for review. The State reported that the reports for other completed visits were in process and that all visits are scheduled for completion by June 2014. Additionally, the State reported that of the 12 LEAs with LEA allocations exceeding \$250,000 identified by the Office of Audit Services (OAS) to review, eight reviews were complete with reports and four were in progress (*i.e.*, awaiting follow up documentation or a response from an LEA). The State continued to implement routines for oversight with all LEAs including annual final expenditure reports and annual program reports, and further engaged with LEAs to provide technical assistance and oversight through initiative-specific program teams (*e.g.*, Annual Professional Performance Review (APPR) material change process, Strengthening Teacher and Leader Effectiveness (STLE) competitive grants). During Year 4, the State also implemented a quarterly reporting procedure for LEA recipients of competitive grant funding and vendors to gather project-specific information on progress and quality of LEA sub-recipient and vendor implementation to assess impact and inform ongoing oversight. The State reported a 100 percent response rate of 185 respondents during the January to March 2014 reporting period.

Required Action: The State has provided evidence of establishing a sub-recipient monitoring plan, protocols, and schedule, and has started to issue reports and other follow-up, as appropriate, based on onsite visits and other routines. The Department will continue to review the State’s implementation of its programmatic and fiscal monitoring of LEAs and vendors during the program review process, including the SY 2013-2014 Annual Performance Report and upcoming (A)(2) monthly calls.