

**RACE TO THE TOP
FISCAL ACCOUNTABILITY AND OVERSIGHT REVIEW**

TENNESSEE

Date of Review: June 18-21, 2012

Race to the Top award: \$500,741,220

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 82)

GEPA – General Education Provisions Act

ISU – Implementation and Support Unit

LEA – Local Educational Agency

**Accountability and Oversight
Summary of Monitoring Indicators**

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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 subrecipients used the funds only for allowable activities	ARRA Sections 14002(b), 14003, 14004, 1604, 1605, and 1606	Issues Resolved	4
	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 subrecipients have systems to track and account for Race to the Top funds in place	EDGAR § 80.20	Met Requirement	
	The State and subrecipients 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 subrecipients used the funds only during the period of availability (which may include pre-award costs)	ARRA Section 1603 and GEPA 412(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 Sections 1511	Not Applicable	
Quarterly ARRA Reporting	The State is ensuring compliance with ARRA Section 1512 quarterly reporting regulations.	ARRA Sections 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	ARRA Sections	Met Requirement	

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	reporting to LEAs.	14008 and 1512		
	The State provided feedback to LEAs on the data reported.	ARRA Sections 14008 and 1512	Met Requirement	
Sub-recipient Monitoring	The State has developed a monitoring plan with appropriate policies and procedures	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	

Fiscal Monitoring Report Results

Issue Resolved

Critical Element: Fiscal Oversight of Race to the Top Funds

Requirement and Citation: The State and subrecipients used the funds only for allowable activities; ARRA Sections 14002(b), 14003, 14004, 1604, 1605, and 1606

Issue: The TDOE did not ensure that State and LEA staff supported solely or in part with Race to the Top funds kept time and effort records documenting the amount of time spent working on the program.

Attachment B, 8.h.(4) of the Office of Management and Budget (OMB) Circular A-87 provides the requirements for time and effort records for employees working solely on a single Federal award or cost objective as well as for employees working on multiple activities or cost objectives. Regulations require employees working solely on Race to the Top to keep semi-annual certifications signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. For employees working on multiple activities or cost objectives, a distribution record of salary must be supported by monthly Personnel Activity Reports (PARs) to ensure the program charged for supporting the salary is consistent with the work being performed.

During the Year 2 on-site review, the Department found that the State and two LEAs did not produce semi-annual certification records for employees working solely on Race to the Top. Additionally, one LEA did not produce a PAR for an employee supported in part with Title I and Race to the Top funds in SY 2011-2012 to work on the financial management of Federal Title programs and Race to the Top as well as programmatic aspects of the LEA's Race to the Top Scope of Work.

Resolution: Subsequent to the review, the State submitted to the Department evidence that it communicated time and effort reporting requirements per OMB circular A-87, Attachment B, 8.h.(4) to its State education agency staff and LEAs that are funded (in whole or part) with Race to the Top funds.

The State also provided evidence of how it will ensure compliance with this requirement in the future. For State employees, the First to the Top Oversight Office established and distributed guidance, templates, and a process for submitting documentation to the First to the Top Oversight Office. For LEA employees, the State similarly communicated guidance and also worked to revise the State's overall federal programs monitoring protocols to more explicitly request time and effort documentation. Additionally, each quarter the State will require selected LEAs not being monitored during the year to submit evidence that they are complying with time and effort reporting requirements.

Future Action: During the Year 3 on-site review, the Department will request documentation from LEAs to confirm that time and effort records are being kept in accordance with regulation.

Additionally, as part of the documentation submitted by the State for the on-site visit, the State will submit the final version of the revised State federal programs fiscal monitoring protocol.