



# FLORIDA DEPARTMENT OF EDUCATION

## Office of Inspector General



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## Audit of Race to the Top Grant Expenditures Reporting

### Executive Summary

The Race to the Top (RTTT) grant is an unprecedented federal investment in education reform. We examined the integrity of RTTT expenditures and associated jobs data for six school districts: Brevard, Calhoun, Columbia, Dade, Duval, and Polk. This analysis is the fifth in a series of audits intended to validate the accuracy and reliability of federal Recovery Act grant expenditure data reported to the Florida Department of Education (Department). No significant reporting errors, misstatements, or material omissions were found in our review of each district. Data was accurately reported to the Department.

- Recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed the most; and
- Turning around the lowest-achieving schools.

In September 2010, Florida was awarded \$700 million in RTTT grant funding in a competitive process under Section 14006 (State Incentive Grants) of the Recovery Act. Sixty-five school districts (sub-recipients) have chosen to implement all or significant portions of Florida's RTTT plan which incorporates three key achievement goals:

- Doubling the percentage of incoming high school freshman who graduate from high school, continue on to college, and achieve at least a year's worth of college credit;
- Cutting the achievement gap in half by 2015; and
- Increasing the percentage of students scoring at or above proficient on the National Assessment of Educational Progress (NAEP) by 2015.

### Background

The American Recovery and Reinvestment Act (Recovery Act) of 2009 was signed into law to stimulate the economy, support job creation, and invest in critical sectors like education. The Recovery Act provides \$4.35 billion for the Race to the Top (RTTT) Fund, a competitive grant program created to encourage and reward states that are leading in efforts to implement comprehensive K-12 education innovation and reform. States are asked to advance reforms around four principal areas:

- Adopting standards and assessments that prepare students for success in college and to compete in the global economy;
- Creating data systems that measure student achievement and inform teachers and principals on methods to improve instruction;

At least 50 percent of RTTT funding must be sub-granted to participating sub-recipients based on their relative shares of funding under the Elementary and Secondary Education Act, Part A. The program performance period is September 1, 2010, through June 30, 2014. A listing of the sub-recipients reviewed and their corresponding allocations is provided in Appendix A.

Any recipient of RTTT funds must comply with the federal reporting requirements under Section 1512(c) of the Recovery Act in accordance with any clarifying guidance issued by the Office of Management and Budget (OMB) and the Department. States must submit quarterly reports to the U.S. Department of Education (USDE) on *Federal.Reporting.gov* which detail how the state utilizes the funds, how the funds are distributed, and the number of jobs that the Governor estimates were created or saved as a result of the funding.

## Scope & Objectives

The objective of this audit was to determine whether sub-recipients are accurately reporting RTTT data to the Department. The scope of the audit included a review of reported RTTT expenditures and associated jobs data for the quarter ended June 30, 2011. We examined the following six school district sub-recipients of Race to the Top grant funding: Brevard, Calhoun, Columbia, Dade, Duval, and Polk. Five of the six school districts were selected using statistical methods. Brevard was added judgmentally based on recommendations from a previous audit. The following factors were also taken into consideration: the size of the grant award, the district's region within the state, and Department management recommendation.

## Summary Results of Sub-recipient Reviews

### Brevard County School District

All expenditures were accurate and made in accordance with Recovery Act reporting requirements. Brevard has an effective system of internal controls in place for the reporting of RTTT expenditure and jobs data. An Office of Inspector General report issued in November 2010 revealed that Brevard was using an incorrect methodology to calculate and report full-time equivalent (FTE) jobs. Section 1512 federal requirements for reporting estimates of the number of jobs created or retained with Recovery Act funds is based on a simple calculation to avoid overstating the number of other than full-time permanent jobs. The FTE

formula is intended to prevent over-counting of short-term or part-time jobs. The District has since corrected the deficiency and is now using the method as outlined in the Office of Management & Budget Memorandum (OMB, M-10-08).

### Other School Districts

We identified no significant reporting errors or material omissions in our review of each district for the quarter ended June 30, 2011. All RTTT expenditures and associated jobs data reported to the Department was determined to be accurate and consistent with the supporting documentation submitted by each district. Sub-recipient expenditures were largely related to professional development, the expansion of STEM (science, technology, engineering, and math) career and technical programs, and the improvement of teacher evaluation systems. We found no deficiencies or weaknesses in the internal control over financial reporting. Sufficient checks and balances are in place for reviewing and reporting purchases.

## Methodology

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors. The audit team achieved these audit standards by:

- Researching and reviewing applicable laws, statutes, rules, policies, and guidance;
- Conducting interviews with financial directors during on-site visits to Columbia and Duval County;
- Performing a desk-top review for each district that included an examination of purchase orders, invoices, receipts, ledgers, and other supporting documentation submitted by each district; and
- Interviewing Department management.

## **Closing Comments**

The Office of the Inspector General would like to thank Department management and staff for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance provided by all personnel involved. We were impressed with the professionalism and dedication from staff at each school district.

## Appendix A—Florida Department of Education Race to the Top Grant (RTTT) Allocations

Sub-recipient (School District)	Total RTTT Allocation	Percentage of RTTT Grant (Based on total award of \$350,000,000)	Cumulative RTTT Expenditures at Quarter Ended June 30, 2011
Brevard County	\$7,390,533	2.11	\$56,214
Calhoun County	299,708	0.09	5,870
Columbia County	1,305,032	0.37	168,138
Dade County	72,964,103	20.85	2,017,771
Duval County	23,002,509	6.57	139,867
Polk County	14,200,430	4.06	613,657

\*Sources: Florida Department of Education website (<http://www.fldoe.org/arra>) and the Florida Department of Education Online Grant System