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MEMORANDUM

TO: Members, State Board of Education

FROM: Natalie Grange CPA, CFE
Internal Auditor

DATE: February 8, 2013

SUBJECT: Report on Monitoring of Education Jobs Funds – Fiscal Year 2013 (October 2012) (Report #2012-28)

Attached is the report on the **Monitoring of Education Jobs Funds – Fiscal Year 2013 (October 2012)** (Report #2012-28). The objectives of this monitoring review are explained on page one of this report.

Copies of this report will be released to the board and management of each of the four LEAs sampled, the Utah State Board of Education, the Governor's Office of Planning and Budget (GOPB), the Office of Inspector General, the Utah State Auditor's Office, and the U.S. Department of Education.

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REPORT TO THE

UTAH STATE BOARD OF EDUCATION

Report No. 2012-28

MONITORING OF EDUCATION JOBS FUNDS

FISCAL YEAR 2013

(October 2012)

February 8, 2013

Audit performed by:

Utah State Board of Education Internal Auditors

Natalie Grange CPA, CFE

Jaime Barrett MAcc

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The U.S. Department of Education set forth requirements for the use of Education Jobs Funds (EduJobs). The State Legislature, the Governor's Office of Planning and Budget (GOPB), the Utah State Office of Education (USOE), and other stakeholders set forth policies and procedures to ensure compliance with various aspects of general federal grant compliance, specific allowable costs and activity restrictions, reporting elements, and monitoring requirements.

The USOE received an overall award amount from the GOPB, and awarded the funds to all Local Education Authority (LEA) entities that were operational during fiscal years 2011 and 2012. LEAs were required to submit signed assurances prior to the disbursement of EduJobs funds. LEAs submitted reimbursement requests to the USOE claiming eligible EduJobs costs. USOE reviewed and approved these requests prior to disbursement of the funds.

The USOE's Finance and Internal Audit (IA) divisions, in conjunction with the GOPB, established a monitoring plan for the EduJobs funds. This concluding report covers EduJobs expenditures during state fiscal year 2013 (October 2012) that covers the final reimbursement requests of EduJobs. USOE's IA reports 2011-05, 2011-21, 2012-03, 2012-17 were issued previously which reviewed expenditures made and reimbursed during fiscal years 2011, 2012, and 2013.

The scope of this review was all EduJobs reimbursement requests paid to LEAs during the month of October 2012. Based on the results of previous reviews, Internal Audit scanned all reimbursement requests paid during this time period for obvious issues with period of availability. From this process, three LEA reimbursement requests were selected for review. Additionally, a selection was made from all reimbursement requests submitted during the month of October 2012 for testwork (See the Appendix).

We performed the following monitoring procedures for the EduJobs funds expended during fiscal years 2012 and 2013.

1. We reviewed the accounting systems used by USOE to delineate EduJobs funds from other federal and state funds. We found the accounting codes and structure established adequately tracked EduJobs funds.

2. We assessed the internal control environment over the reimbursement procedures in the finance section. Please see finding 1.

3. We reviewed the signed assurances submitted by each LEA sampled.

4. Reimbursement requests were agreed to detailed supporting documentation from each LEA selected. We reviewed the process by which USOE tracks the status of each LEA's DUNS number and CCR registration.

5. We reviewed general federal grant requirements pertaining to cash management.

These procedures were more limited than would be necessary to express an audit opinion on compliance or on the effectiveness of each LEA's internal control or any part thereof. Furthermore, these procedures were more limited than would be necessary to provide absolute assurance that no errors or misappropriations occurred. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of each LEA's internal control, other matters might have come to our attention that would have been reported.

The findings resulting from the above procedures are included in the attached findings and recommendations section of this report.

This report is intended solely for the information and use of the Utah State Board of Education, the Board and management of each LEA, the Governor's Office of Planning and Budget, the Utah State Auditor's Office, the Office of Inspector General, the U.S. Department of Education and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited.

Sincerely,

Natalie Grange

Natalie Grange CPA, CFE
Internal Auditor, Utah State Office of Education

FINDINGS AND RECOMMENDATIONS

1. **INSUFFICIENT INTERNAL CONTROLS OVER REQUESTS FOR REIMBURSEMENTS – LEAs**

During our review of the all reimbursement requests paid during October 2012, we noted six LEAs who submitted incorrect or incomplete forms. Five LEAs entered blank reporting dates. One, of the previously mentioned LEAs, also claimed indirect costs on the reimbursement request. Indirect costs are not allowable as determined by the EduJobs act. One other LEA entered period of availability dates that spanned one day and had incorrect budget detail information. The review conducted by School Finance detected these errors and corrected reimbursement forms were submitted by the LEAs prior to payment. However, these errors could have resulted in questioned costs, or cash advances which would result in an interest liability. Of the six LEAs noted, IA only selected three previously untested LEAs to agree the corrected reimbursement request to supporting documentation.

The reimbursement request form is a document used by LEAs to request reimbursement of funds. In this case, it is the only documentation submitted by LEAs and contains various elements which enable the USOE to determine that LEAs are in compliance with federal requirements. The reimbursement request form requires a signature by an authorized LEA representative and contains an assertion by the LEA management that the expenditures being claimed are in compliance with both federal and state laws. The assertion also states that the funds have been expended in the amounts reported, and were incurred subsequent to the effective date. The findings are as follows:

- **Wayne School District:** A reimbursement request sent in by Wayne School District was submitted with blank reporting dates. The reporting dates are essential to verify when expenditures were incurred. The error was detected during the review performed by School Finance. The District submitted a revised reimbursement form prior to being paid. The District also provided supporting documentation demonstrating allowable expenditures during the correct period of availability, thus no costs were questioned and no interest was incurred.
- **Freedom Academy:** A reimbursement request sent in by Freedom Academy was submitted with blank reporting dates. The reporting dates are essential to verify when expenditures were incurred. The error was detected during the review performed by School Finance. The Academy submitted a revised reimbursement form prior to payment. The Academy also provided supporting documentation demonstrating allowable expenditures during the correct period of availability, thus no costs were questioned and no interest was incurred.
- **Pinnacle Canyon Academy:** A reimbursement request sent in by Pinnacle Canyon Academy was submitted with reporting dates encompassing only one day and inaccurate budget detail. The reporting dates are essential to verify when expenditures were incurred and budget detail is necessary to reflect accurate reporting information. The errors were detected during the review performed by School Finance. The

Academy submitted a revised reimbursement form prior to being paid. The Academy also provided supporting documentation demonstrating allowable expenditures during the correct period of availability, thus no costs were questioned and no interest was incurred.

Recommendation:

We recommend that the management of each LEA ensure that those compiling and approving reimbursement requests for submission understand the requirements associated with federal funds and the assertions made on the reimbursement request forms. Each LEA should establish a sufficient internal control process to ensure that reimbursement forms are completed accurately and contain only costs that have been incurred during the appropriate period of availability. Lack of sufficient internal controls could result in questioned costs or interest obligations to the Federal Government.

Appendix

District/ Charter School	Total Edu Jobs Allocated to LEA	Edu Jobs Reimbursed as of October 2012	LEA Tested for EduJobs FY13
Alpine School District	11,320,808	11,320,808	
Beaver CO School District	337,351	330,978	
Box Elder CO School District	2,023,003	2,023,002	
Cache CO School District	2,724,871	2,724,871	
Carbon CO School District	699,162	699,132	
Daggett CO School District	82,792	82,792	
Davis CO School District	11,507,293	11,507,293	
Duchesne CO School District	898,767	898,767	
Emery School District	510,468	510,468	
Garfield CO School District	292,382	292,382	
Grand CO School District	307,130	307,129	
Granite School District	11,843,647	11,843,647	
Iron CO School District	1,579,674	1,579,674	
Jordan School District	8,599,555	8,599,555	
Juab School District	416,306	416,306	
Kane Co School District	338,409	338,409	
Millard School District	592,919	592,919	
Morgan School District	425,485	425,485	
Nebo School District	5,168,614	5,168,614	
North Sanpete School District	460,408	460,408	
North Summit School District	235,463	235,463	
Park City School District	807,429	807,429	
Piute School District	114,378	114,378	
Rich School District	151,683	151,683	
San Juan School District	672,605	672,604	
Sevier School District	916,534	916,534	
South Sanpete School District	631,613	631,613	
South Summit School District	282,939	282,939	
Tintic School District	102,997	102,997	
Tooele School District	2,453,384	2,453,384	
Uintah School District	1,211,685	1,211,685	
Wasatch School District	920,976	920,975	
Washington CO School District	4,563,129	4,563,129	
Wayne School District	166,708	166,708	x
Weber CO School District	5,560,194	5,560,194	
SLC School District	4,266,207	4,266,208	
Ogden City School District	2,216,528	2,174,743	
Provo School District	2,371,336	2,371,336	
Logan City School District	1,063,803	1,063,803	
Murray School District	1,132,767	1,132,767	
Canyons School District	5,941,664	5,941,663	
Ogden Preparatory Academy Inc	168,592	168,592	
American Preparatory Academy	175,747	175,747	
Walden School of Liberal Arts	56,536	56,536	
Freedom Academy	107,225	107,225	x
Academy for Math, Engineering, & Science (AMES)	91,257	91,257	

District/ Charter School	Total Edu Jobs Allocated to LEA	Edu Jobs Reimbursed as of October 2012	LEA Tested for EduJobs FY13
Pinnacle Canyon Academy	121,916	121,916	x
City Academy	44,088	44,088	
Success Charter School of the Granite School District	-	-	
Soldier Hollow Charter School	34,683	34,683	
Tuacahn High School	56,735	56,735	
Uintah River Charter High School	-	-	
John Hancock Charter School	31,384	31,384	
Thomas Edison Charter School	179,197	179,197	
Timpanogos Academy	70,890	70,890	
Salt Lake Arts Academy	48,166	48,166	
Fast Forward Charter High School	44,686	44,686	
Utah CO Academy of Sciences	71,262	71,262	
Odyssey Charter School	74,129	74,129	
Renaissance Academy	102,666	102,666	
Guadalupe Charter School	17,383	17,383	
Quest Academy	101,733	101,733	
Oquirrh Mountain Charter School	110,069	110,069	
Lincoln Academy Incorporated	107,323	107,323	
InTech Collegiate High School	34,764	34,764	
Channing Hall	104,930	104,930	
Karl G. Maeser Preparatory Academy	105,822	105,822	
Rockwell Charter High School	90,552	90,552	
Vista at Entrada Inc	126,417	126,417	
Utah Connections Academy	686	-	
Beehive Science & Technology Academy	44,965	44,965	
Entheos Academy	85,788	85,788	
Spectrum Academy	88,261	88,261	
C.S. Lewis Academy	54,318	54,318	
Venture Academy	72,307	72,307	
Bear River Charter School	29,268	29,268	
Endeavor Hall	727	727	
Wasatch Peak Academy	56,331	56,331	
Lakeview Academy	112,744	112,744	
Syracuse Arts Academy Inc	153,328	153,328	
Dual Immersion Academy	66,785	66,785	
Salt Lake Center for Science Education	50,071	50,071	
Maria Montessori Academy	65,178	65,177	
North Star Academy	80,334	80,334	
Legacy Preparatory Academy	136,223	136,223	
George Washington Academy	106,688	106,688	
USU Edith Bowen Lab School	47,126	46,462	
Utah Virtual Academy	340,143	340,096	
Quail Run Primary School Foundation	83,925	83,925	
Liberty Academy Charter School	103,700	100,258	
Noah Webster Academy Inc	80,629	80,629	
Early Light Academy	118,904	118,904	
Weilenmann School of Discovery	83,263	83,263	
Reagan Academy (Ronald W. Reagan)	107,124	107,124	

District/ Charter School	Total Edu Jobs Allocated to LEA	Edu Jobs Reimbursed as of October 2012	LEA Tested for EduJobs FY13
Monticello Academy Inc	119,837	119,837	
Salt Lake School for Performing Arts	34,480	34,480	x
Gateway Preparatory Academy	80,921	80,921	
Excelsior Academy	98,276	98,276	
Summit Academy High School	32,674	32,674	
American Leadership Academy	270,505	270,505	
Mountainville Academy	104,901	104,901	
Open Classroom Charter School	62,461	62,461	
Merit College Preparatory Academy	76,054	76,054	
Hawthorn Academy	119,512	119,512	
Good Foundations Academy	43,921	43,921	
Navigator Pointe Academy	83,146	83,146	
Paradigm High Charter School	100,431	100,430	
Canyon Rim Academy	77,345	77,345	
Providence Hall	102,245	102,245	
Open High School of Utah	-	-	
Alianza Academy	1,015	1,015	
Northern Utah Academy for Math Engineering & Science	81,637	81,637	
The Ranches Academy Inc	53,061	53,061	
DaVinci Academy of Science and the Arts	80,823	80,823	
Summit Academy	169,695	169,695	
Itineris Early College High School	49,843	49,843	
North Davis Preparatory Academy (NDPA)	160,203	160,203	
Moab Charter School	11,137	11,137	
East Hollywood High School	61,397	61,397	
Success Academy	63,677	63,677	
Total	102,499,231	102,446,198	

Tick Mark Legend:
x - LEA selected for monitoring of Education Jobs funding for fiscal year 2012/13.