



U.S. Department of Education Office of Inspector General



Accountability for American Recovery and Reinvestment Act Funds



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The Governor's Grants and StateStat offices

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AGENDA



- ✓ Overview of the American Recovery and Reinvestment Act (ARRA) Accountability
- ✓ Office of Inspector General's Role
- ✓ ED-OIG Phase One Audits and Results
- ✓ ED-OIG Phase Two Audits



ARRA Principles



- ✓ Use Funds Quickly to Save and Create Jobs
- ✓ Improve Student Achievement Through School Improvement and Reform
- ✓ Ensure Transparency, Public Reporting, and Accountability
- ✓ Invest One-Time ARRA Funds Thoughtfully to Minimize the “Funding Cliff”



ARRA Transparency, Accountability, and Reporting

- ✓ ARRA Funds Accounted for and Reported on Separately from Regular Program Funds
- ✓ LEAs Receiving Title I Part A Funds Must Report School-by-School Per-Pupil Expenditures
- ✓ Quarterly Reports on the Use of ARRA Funds
- ✓ Annual Reports on the Use of State Fiscal Stabilization Funds



ARRA Funding for Accountability

- \$25 Million to the Government Accountability Office (GAO)
- \$252.75 Million to Inspectors General for 22 Federal Departments and Agencies
- \$84 Million to the Recovery Act Accountability and Transparency Board
- Results of Oversight Work to be Posted on Government-wide Website – Recovery.gov



Recovery Act Funds for Selected Departments and Agencies

[Source: Information as of 3/6/09 at Agency websites linked from Recovery.gov]

Education	\$98.2B+\$14M for IG
HHS	\$59B + \$17M for IG
Agriculture	\$28 B + \$22.5M for IG
Energy	\$24.3B + \$15M for IG
HUD	\$13.6B + \$15M for IG
Labor	\$11.2B +\$6M for IG
Commerce	\$7.9B + 6M for IG
Defense	approx \$7.4B + \$17M for IG
Homeland Security	\$2.75B + \$5M for IG
Justice	\$4B + \$2M for IG
State	\$600M + 2M for IG
Interior	\$3.4B + \$15M for IG



ARRA Audit Work – Phase One

Nationwide review guide

- Objective: adequacy of controls over ARRA expenditures focusing on cash management, use of funds, subrecipient monitoring, data quality
- Worked performed at SEAs, Governor's Offices, LEAs, State Department's of Health and other designated State agencies
- ARRA funds reviewed, State Fiscal Stabilization Funds, Title I Part A, IDEA Part B, Vocational Rehabilitative Services

States selected for Phase One reviews:

- | | | |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> CA [\$10.8B] | <input type="checkbox"/> NY [\$6.2B] | <input type="checkbox"/> TX [\$7.4B] |
| <input type="checkbox"/> IL [\$3.8B] | <input type="checkbox"/> PA [\$3.5B] | <input type="checkbox"/> PR [\$1.9B] |
| <input type="checkbox"/> IN [\$1.9B] | <input type="checkbox"/> TN [\$1.7B] | |



ARRA Audit Work – Phase One Findings

- Cash Management
 - Minimizing Time for LEAs to receive needed funds from SEAs
 - Interest Remittance by LEAs
- Data Quality
 - SEAs (6/8) information systems not ready to capture ARRA data
 - SEAs (3/8) had not provided 1512 reporting guidance to LEAs
 - SEAs (2/8) had not developed policy to notify ED of known data deficiencies
- Use of Funds
 - LEA planned to use SFSF for Supplemental Early Retirement Plan
 - LEAs accounting system access controls vulnerable
 - LEAs did not document /review personnel costs for multi-funded employees
 - LEAs not tracking ARRA expenditures
 - LEAs policies and procedures over expenditures need updating
- Sub-recipient Monitoring
 - SEAs (5/8) monitoring not modified to cover ARRA funds
 - SEAs (3/8) monitoring does not cover fiscal issues



ARRA Audit Work – Phase Two

Nationwide review guide

- Objectives: 1) ARRA expenditures were expended and accounted for properly (i.e. applicable laws and regulations), and 2) ARRA data reported by State are accurate, complete, and compliance with requirements
- Worked performed at SEAs, LEAs, IHEs, and other State Agencies
- ARRA funds reviewed, State Fiscal Stabilization Funds, Title I Part A, and IDEA Part B

States selected for Phase Two reviews:

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> CA [\$10.8B] | <input checked="" type="checkbox"/> IL [\$3.8B] | <input checked="" type="checkbox"/> VA [\$2.1B] |
| <input checked="" type="checkbox"/> MO [\$1.7B] | <input checked="" type="checkbox"/> MD [\$1.5B] | <input checked="" type="checkbox"/> WI [\$1.5B] |
| <input checked="" type="checkbox"/> LA [\$1.4B] | <input checked="" type="checkbox"/> SC [\$1.3B] | <input checked="" type="checkbox"/> OK [\$1B] |
| <input checked="" type="checkbox"/> UT [\$850M] | | |



Common LEA Findings Prior to ARRA

- ✓ Personnel and Non-Personnel Expenditures Not Allocable to the Grant Charged or Not Reasonable or Necessary to Carry Out the Purpose of the Grant
- ✓ Personnel Costs Lacking Adequate Documentation
- ✓ Improper Inventory Control Systems Resulting in Lost or Unaccounted For Property
- ✓ Supplanting with Federal Grant Funds
- ✓ Inability to Demonstrate Program Requirements Were Met or Inadequate Documentation of Program Eligibility



Questions and Answers



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OIG Hotline

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