



U.S. Department of Education
Office of Vocational and Adult Education
Division of Academic and Technical Education

DATE Panel Discussion

Observable Trends in Perkins Oversight

Career and Technical Education
State Directors' Meeting

April 17, 2013



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Office of Vocational and Adult Education
Division of Academic and Technical Education

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State Directors' Meeting

April 17, 2013

Monitoring Trends Program Finance 2012–2013 Commendations

- Maintenance of Effort
 - Multiple State categorical funding sources
- Secondary and postsecondary allocations to subrecipients applied correctly
- Financial Status Reports complete and in compliance with section 112 set asides
- Source documentation provided by State reconciles to FSRs

Monitoring Trends Program Finance 2012–2013 Findings

- Very few program finance findings from last 2 year cycle
- States meeting Maintenance of Effort
 - Reasons?
 - Decrease in Federal Support Provision of *Perkins IV Section 311 (b)(1)(C)*
 - State commitment to CTE in trying economic times

Monitoring Trends Program Finance 2012–2013 Procedural Suggestions

- Maintenance of Effort
 - Develop policies and procedures guide/incorporate into *Perkins IV* program guide that explains the various elements that comprise maintenance of effort in a State
 - Create Summary spreadsheet
 - Multiple years
 - Captures all the elements of maintenance of effort on one spreadsheet
 - Starting point auditors review
 - Calculate effort on a per-student basis
 - CTE concentrator or participant
- High Carryover
 - State leadership and administration funds

Section 111 of Perkins IV

Reservations and State Allotment - The Basics

- Reservations (once initial appropriation is determined)
 - .13% (assistance to outlying areas)
 - 1.5% (Native American Programs)
- Formula (to determine initial allocation)
 - Key elements
 - State Allotment Ratio - per capita data (3-year average)
 - Age cohort data
 - 15–19 50%
 - 20–24 20%
 - 25–65 15%
 - 15–65 15%

Section 111 of Perkins IV

Reservations and State Allotment - The Basics

- Constraints
 - Minimum Allotment *Section 111 (a) (3) (A)*
 - No State shall received less than $\frac{1}{2}$ of 1% of appropriation
 - Special Rule C *Section 111 (a)(3)(C)*
 - No State shall receive more than 150% of what they've received for the prior year
 - 1998 Hold Harmless *Section 111 (a)(5)(A)*
 - State cannot receive less than what they received in 1998 unless overall appropriation is less than 1998 level



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Most Common Accountability Findings

- Levels of Performance in Local applications
 - Local applications from eligible recipients which include the levels of performance for the core indicators and additional indicators.
Section 113(b)(4)(A)(ii)
- Local Reports
 - Eligible recipient must annually submit to the eligible agency a report.
Section 113(b)(4)(C)
 - Performance data
 - Disaggregated data for the categories of students
 - Identification and quantification of disparities or gaps in performance

Most Common Accountability Findings

- Data validation and reliability
 - Eligible agency will ensure that the data reported to the eligible agency from local educational agencies and eligible institutions are complete, accurate, and reliable – *Section 122 (c)(13)*
- Evaluation and Continuous Improvement
 - Demonstrate in local applications how the eligible recipient will evaluate and continuously improve their performance – *Section 134(b)(7)*
- Local Improvement Plans
 - If an eligible recipient fails to meet at least 90% of an agreed-upon local adjusted level of performance for any core indicator...the eligible recipient shall develop and implement a program improvement plan, with special consideration to performance gaps identified under *Section 113(b)(4)(C)(ii)(I)* – *Section 123(b)*

Most Common Accountability Findings

- State Policies and Procedures
 - monitor local recipients to ensure that the data being collected are complete, accurate, and reliable - *Section 122(c)(13)*
 - negotiate local levels of performance - *Section 122(c)(10)(B)*
- Subrecipient Monitoring
 - Recipients are responsible for managing and monitoring each project, program, sub-award, function, or activity supported by the award - *EDGAR 74.51*
 - Evidence of monitoring manuals, monitoring reports, and technical assistance provided by the State

Most Common Accountability Findings

- Program Evaluation and Improving Quality
 - Provide assurances that the eligible recipient will provide a career and technical education program that is of such size, scope, and quality to bring about improvement in the quality of career and technical education programs – *Section 134(b)(6)*
- Input from Eligible Recipients
 - Documentation of input from eligible recipients in establishing performance measures for the State for the core indicators of performance - *Section 113(b)(1)*
 - Documentation of input from eligible recipients in determining the State adjusted levels of performance - *Section 113(b)(3(A)(1); Section 122(c)(10)(A)*

Quality Items that May Result in Accountability Findings

- Inability to track secondary CTE students into postsecondary education
- Lack of performance and trend data, and gap analysis



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Local Applications – Issues

- Elements of *Section 134*
 - Missing Items
 - Assurances, not descriptions
 - Consolidated applications

- Local Administration
 - Sum of direct and indirect costs
 - 5% limitation

- Unallowable expenditures
 - Construction
 - CTSO's
 - Middle schools



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Robin Utz

Programs of Study

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Monitoring for Implementation

Compliance

- ✓ At least 2 Programs of Study developed at the state-level



- ✓ Each eligible recipient offers no less than 1 Program of Study



- ✓ Elements of programs of study are embedded as requirement in the PL

Program Quality

- ✓ Local implementation

- ✓ Student outcomes

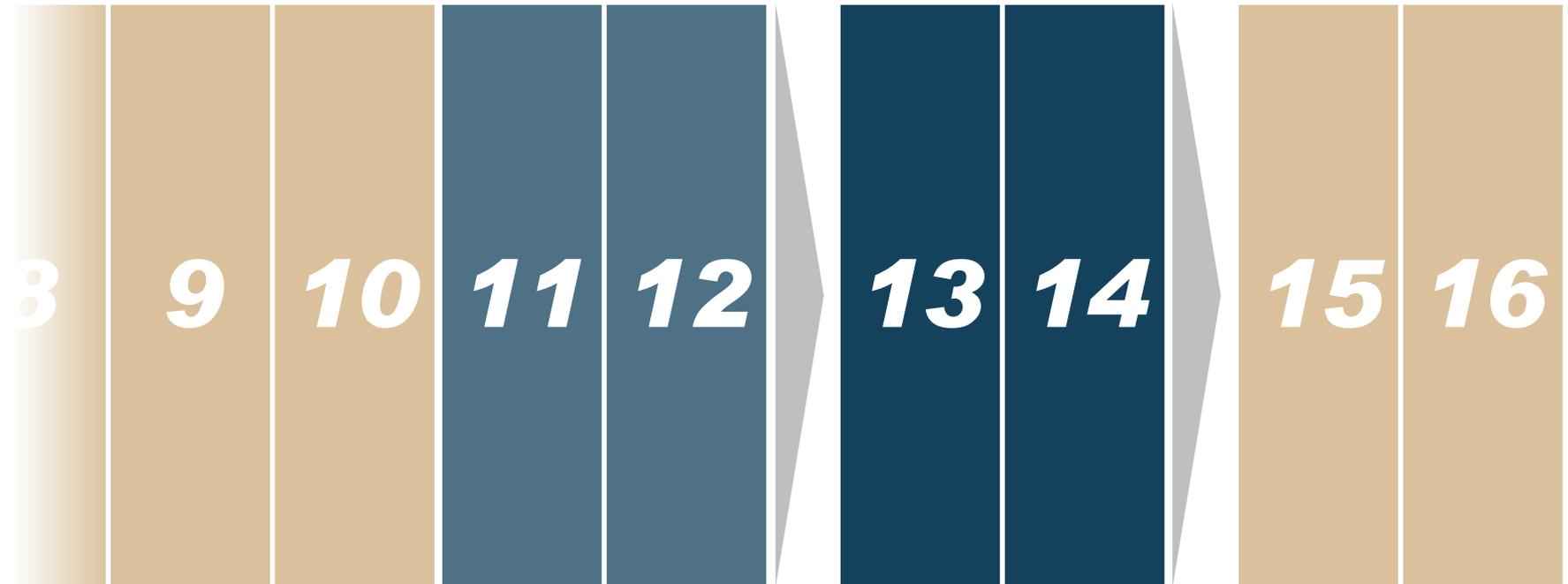
- ✓ Design Framework of Rigorous Program of Study

Program of Study



Section 122 (c) 1

Course Sequence \neq Program of Study



Suggestions

Local Plans to include LEA's describing Program of Study implementation

Evidence in Program of Study templates at state-level implemented at local-level

Expand descriptions of implementation in annual reports (CAR)



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Single Audit for Grant Monitoring

- Maximize the usability and effectiveness of the Single Audit for Grant Monitoring by assessing grantee risk.
 - Timely Submission
 - Audit Opinions
 - Types of Findings
 - Amount of Cost Disallowances

Most Common Single Audit Findings *Perkins Program*

- **Subrecipient Monitoring**
EDGAR 34 CFR 80.40 and OMB Circular A-133, Section .400(d)
- **Time and Effort Reporting**
OMB Circular A-87 Attachment B, Paragraph 8.h.
- **Maintenance of Effort**
Perkins IV, Sections 311(b) and 323(a)
- **Reporting – CAR/FSR and FFATA**
Perkins IV, Section 113(c), EDGAR 34 CFR 80.20(a), FFATA Act

Proposed Rules

A-133 Compliance Supplement

- Audit Threshold – \$500,000 to \$750,000
- Increased Focus on Type A Programs
- Questioned Costs – \$10,000 to \$25,000
- Compliance Requirements from 14 to 7

www.regulations.gov

Search for Docket No. OMB-2013-0001

Comment period extended to June 2, 2013



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Edward Smith

Chief

Subrecipient Monitoring for
Career and Technical Education Programs

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Key Points for Review

- The U.S. Department of Education's expectations regarding subrecipient monitoring
- A State's subrecipient monitoring responsibilities
- Review a "risk-based" approach to subrecipient monitoring
- Review the importance of developing a subrecipient monitoring plan
- Important elements of a subrecipient monitoring plan

Department Requirements and Expectations

“A pass-through entity shall... monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.”

OMB Circular A-133__400(d)(3), issued under the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

A-133 Compliance Supplement

Pass-through entity is responsible for during-the-award monitoring, through:

- ✓ Reporting: reviewing subrecipient financial *AND* performance reports;
- ✓ Onsite reviews: review programmatic *AND* financial records and observe operations;
- ✓ Regular contact; *OR*
- ✓ Other means

*STANDARD: Monitoring efforts must provide a **reasonable assurance** that a subrecipient administers Federal funds in compliance with laws and regulations and that performance goals are achieved*

Federal Requirements

Conclusions

Why do States have to monitor subrecipients?

- It's the law.

How should States conduct subrecipient monitoring?

- It's up to the States. Federal laws and regulations are extremely flexible

Developing A Subrecipient Monitoring Plan

What are essential components of subrecipient monitoring plan?

- Written set of policies and procedures that guide the scope and frequency of monitoring activities, including follow up on corrective actions
- Risk Assessment, i.e., what factors determine the methods and frequency of monitoring subrecipients and programs?
- Monitoring schedule
- Monitoring checklist

Risk-Based Approach to Subrecipient Monitoring

Reality Check: Far too many States lack the resources or staff to monitor subrecipients as frequently or thoroughly as they would like.

Risk-Based Monitoring Overview

Definition Risk-based monitoring is a process used by many of the Department of Education's grantees to address compliance issues. This is done by identifying subrecipients that are most likely to:

-
- Have problems meeting goals due to program complexity
 - Fail to meet Federal fiscal or programmatic requirements
 - Present a greater risk due to the sheer size of a subrecipient's grant portfolio

Risk Assessment

- Evaluate each subrecipient against risk indicators
- Rank subrecipients and programs by risk
- Use data analysis and automation to make process more efficient
- Perform analysis regularly to account for changes in risk

Subrecipient Monitoring Resources

Go to **Modules** in the PCRN Learning Center for the following documents:

- Effective Subrecipient Monitoring for Career and Technical Educations Programs
- Example Subrecipient Monitoring Plan
- Subrecipient Monitoring Compliance Supplement
- OMB Circular A-133 Compliance Supplement



Learning Center

► Topics

► Webcasts

► Modules

Learning Center

Modules

The modules listed below provide background content for the 2011 Data Quality Institute and the 2012 Financial Management Institute. The recorded sessions from these events are available in the Webcasts section.

Perkins Financial Management

The modules below are intended to provide background information for participants of the 2012 Financial Management Institute. Topics include an overview of the Perkins financial reporting process, statutory and regulatory requirements, maintenance of effort matching requirements, the Single Audit Process, and effective subrecipient monitoring for career and technical education programs.

▼ Perkins Financial Management and Reporting

This module provides an overview of the financial status report and the Consolidated Annual Report (CAR) reporting process. Topics include: statutory and regulatory requirements for financial management and reporting; allowed, unallowed, and indirect costs; the interim and final financial status report; and using the CAR to complete and submit financial status reports.

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Subrecipient Monitoring Resources

Go to **Webcasts** in the PCRN Learning Center for the following documents:

- Webcast: Effective Subrecipient Monitoring for Career and Technical Education Programs



Learning Center

► Topics

▼ Webcasts

► Data Quality Institute

► Financial Management Institute

► Modules

Learning Center

Financial Management Institute

The 2012 Financial Management Institute (FMI) webcasts and session materials are available below.

2012 Session Materials

▼ Session 1: Perkins Financial Management and Reporting

This webcast provides an overview of statutes and regulations that govern financial management and reporting; identifies costs as allowed, unallowed, or indirect; time and effort; describes the purpose of the interim and final financial status reports; and explains how to use the CAR to complete and submit a financial status report.

 FMI Session: 5/10/2012

 [Watch webcast](#)

 Duration: 58:53

 View: [Presentation slides](#) (PDF, 608 KB)

 View: [CAR Financial Status Form](#) (Excel, 84 KB)

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▲ Session 2: Maximizing Your Program's Federal Dollars