

January 26, 2018

# SY 2016-2017 Title I Expenditures

INTERNAL AUDIT REPORT  
REPORT #: FY18-F001

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## EXECUTIVE SUMMARY

### Purpose

We performed this audit to determine whether:

- Majority of Title I spending is considered instructional spending and directly impacts TUSD's students according to the Arizona Auditor General's standards.
- TUSD corrected a prior Single Audit Finding, which identified that 100% of teachers were not appropriately certified.
- Title I operations were efficient.
- Assets purchased with Title I funding were properly accounted for.
- Parent Involvement in the establishment of students' goals was formally documented.

### Conclusions

Majority of all Title I spending directly impacts the students and the Title I program is functioning as intended. However, there are a few areas in need of improvement. Specifically, there is a need to:

- Track separation and addition of appropriately certified teachers to determine if we are decreasing the number of classrooms without appropriately certified teachers.
- Improve efficiencies of operations. For example, decrease the number of purchase requisitions sent back to office managers/principals due to various errors. This will help provide better customer service.
- Improve Accountability of Assets.
- Document proof of parent involvement when setting goals for each student.

Therefore, the internal auditor has provided recommendations in each Tab to address the findings. Leadership can decide to implement the recommendations or implement an alternative actions that TUSD feels will better address the findings.

### Magnitude

In FY2017, TUSD received \$23.17 Million in Title I funding to ensure that all children have a fair and equal opportunity to obtain a high quality of education. This funding was spread across 78 Title I Schools.

Demetrius Lee  
Director, Internal Audit

# Purpose of Title I

## **Purpose of Title I**

The purpose of Title I is to ensure that all children have a fair, equal and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and State academic assessments. This purpose can be accomplished by:

1. Ensuring high-quality academic assessments, accountability systems, teacher preparation and training.
2. Meeting the needs of low-achieving children.
3. Closing the achievement gap between high and low performing children.
4. Distributing and targeting resources to areas of greatest need.
5. Significantly elevating the quality of instruction by providing staff with professional development opportunities.
6. Affording parents substantial and meaningful opportunities to participate in the education of their students.

## **Types of Title I Schools**

TUSD has 78 Title I Schools and there are three different types of Title I Schools. Targeted Schools (Gale & Borman), School Wide 3 (75 schools), and School Wide 1 (Mary Meredith).

A *Targeted School* employs staff paid with Title I funds to serve only those students who have been identified as being most at-risk of not meeting the State's challenging standards. Multiple measures of student academic achievement are used to determine which students are eligible to participate in the program. Services to eligible students may be provided in a "pullout" setting on a limited basis, or may be provided in the regular classroom. (TUSD only has 2 Targeted schools: Gale & Borman)

*School-Wide 3 Schools* use Title I funds to meet the needs of all students in the school, as determined through a comprehensive needs assessment. Individual students are not identified as eligible to participate. No distinctions are made between staff paid with Title I funds and staff who are not. All school staff are expected to direct their efforts toward upgrading the entire educational program and improving the achievement of all students, particularly those who are low achieving. These schools receive Maintenance and Operations funding and Title I funding.

The *School-Wide 1 School* is very similar to School-Wide 3 Schools except Mary Meredith receives no Maintenance and Operations funding, only Title I funding.

# Classroom Spending

## BACKGROUND

As defined by U.S. Department of Education’s National Center for Education Statistics, the classroom dollar percentage is the amount spent for classroom purchases divided by the total amount spent for operational spending. The calculation excludes monies spent for capital outlay such as purchasing land, buildings, and equipment, and debt repayment because these expenses benefit more than one period and can vary significantly from year to year. The calculation also excludes costs related to programs outside the scope of preschool through grade 12 education, such as adult education and community services.

Total operational spending includes classroom and non-classroom expenses as shown below.

Classroom Dollars	Non-Classroom Dollars
Classroom personnel	Administration
Instructional Supplies	Plant Operation & Maintenance
Instructional Aids	Food Service
Activities	Transportation
Tuition	Student/Instructional Support Services

Table A.1.

Tucson Unified School District has a goal of spending at least 50.1 percent of all money received inside the classroom.

### AUDIT RESULT A: CLASSROOM SPENDING

**Condition.** TUSD personnel properly spent majority of Title I funding in the classroom. Specifically, \$14.49 of \$23.17 Million (63 percent) of Title I funding was spent in the classroom. The Executive Director of Finance tracks how the percentage of classroom dollars’ changes from year to year.

**Cause** This positive condition occurred because of the following strong internal control:

- MANAGEMENT OVERSIGHT-
  - For each purchase the Director of Grants and Federal funding requires an explanation on how the expenditure is related to the school’s continuous improvement plan.
  - The Executive Director of Finance monitors the percentage of dollars spent in the classroom to ensure that TUSD is constantly increasing the amount of money that is considered instructional spending.

**Impact.** Spending greater than 50.1 percent of all Title I funding inside the classroom ensures that majority of all money spent is directly impacting the children. The more resources poured into the classrooms increases each student’s chance of succeeding academically.

**Recommendation:** There are no recommendations needed since this is a positive finding.

## Appropriately Certified Teachers

### **BACKGROUND**

The FY 2016 Single Audit Reporting Package had a finding that TUSD did not meet the requirement that 100 percent of teachers of core academic subjects be appropriately certified. Teachers must have a certification that is applicable to the subject or the grade level that the teacher is teaching.

### **AUDIT RESULT B: APPROPRIATELY CERTIFIED TEACHERS**

**Condition.** **Repeat Finding.** 2 of 91 teachers reviewed were not appropriately certified.

**Cause.** This condition occurred because of the following reason.

- This is a state-wide problem due to various reasons to include but not limited to teacher pay and retention rates.

### **Recommendations:**

- Recommendation B.1. Continue recruitment efforts to hire and retain appropriately certified teachers.
- Recommendation B.2. Create an internal tracking tool, to track the addition and loss of appropriately certified teachers in classrooms. This will help the Superintendent to determine whether he is achieving his goal of decreasing the number of classrooms without certified teachers of record.

## Efficiencies of Operations

### BACKGROUND

Below describes the Title I procurement process and how many sites or staff members are responsible for the action at each level.

- **At 78 Title I schools.** The procurement process begins with the identification of a need. Once this need is identified the office manager/principal creates a purchase requisition. An explanation of how the purchase will help achieve the goals on the continuous improvement plan must be described in the purchase requisition. Additionally, if the item purchased is a technology item there must be a technology justification form attached. Technology Service uses the form to evaluate the purchase and ensure that the asset is compatible with TUSD's systems.
- **5 Assistant Superintendents.** After the school site creates the requisition the responsible assistant superintendent approves the requisition. This allows the assistant superintendent to be aware of purchases at each site. Therefore, this level of approval is only in place to ensure each assistant superintendent has adequate oversight of each purchase made.
- **Director of Federal Programs & Senior Coordinator.** This level of approval requires a thorough inspection of the purchase requisition and whether the justification for the purchase is valid. If the item is for technology equipment the purchase requisition must be submitted to Technology Services next to ensure the asset is compatible with TUSD's systems and networks.
- **One Grant Analyst.** Must conduct a detailed review of the purchase requisition to determine whether the funds are available and the account code structure is correct based on the item purchased. If a budget modification is needed the budget analyst will let the site know.
- **Three Procurement Specialists.** Perform a review of all documents submitted, then approves the purchase requisition. This action makes the purchase requisition become a purchase order.

If at any stage of the approval process, documentation is missing or incorrect the process, the correction needed is noted and the process starts over from the beginning.

**Program Coordinators** are crucial in the success of the Title I program. Program Coordinators perform many site visits throughout the school year to understand the site needs. The program coordinators perform walkthroughs to view classroom instruction and learning environments. Since program coordinators meet and talk with school personnel, the coordinators are sometimes aware of procurement needs before the need becomes a purchase requisition.

### AUDIT RESULT C: EFFICIENCIES OF OPERATIONS

**Condition 1.** The procurement process has two bottle necks that could potentially cause delays in the procurement process. The Director of Grants & Federal Programs and the Senior Grant Coordinator are responsible for reviewing purchase requisitions for all 78 Title I schools. Additionally, there is only one grant analyst responsible for ensuring that the account code structure is correct for each purchase requisition.

**Condition 2.** 12 of 26 purchase orders reviewed were not timely approved (*See Table C.1*). For example, a purchase requisition took 37 days to approve because the purchase order was sent

## Efficiencies of Operations

back for not explaining how the purchase relates to the continuous improvement plan. Then the purchase requisition was sent back again because there was no technology justification form submitted.

<b>Reason Purchase Order Not Timely Approved</b>			
<b>Coding Error</b>	<b>Continuous Improvement Plan Relation</b>	<b>Technology Justification Missing</b>	<b>Combination of Errors</b>
1	4	1	6
<b>Total</b>			<b>12</b>

*Table C.1.*

**Cause.** This condition occurred because of a lack of the following internal controls:

- Timely Execution of Events. The process flowchart was not designed in a way to ensure the timely execution of events. To illustrate, there is only one individual responsible for ensuring that the account code structure is correct and that funds are available.
- Training. Although sites are trained on what is an allowable expense this information is sometimes forgot before a purchase order is created. Also, office managers or principals would have to search to find guidance when submitting a purchase order because information is not always easy to locate.
- Appropriate Documentation of Transactions. Office managers and principals did not always provide technology justifications and Continuous Improvement Plan documentation when submitting purchase requisitions.

**Impact.** An inefficient alignment of staff can cause delays in the procurement process. If the procurement process flowchart is improved, this would improve the timeliness of purchase orders. Staff will be able to devote more time to student achievement and student safety, if fewer purchase requisitions are sent back.

**Corrective Action.** On December 8, 2017, the Senior Director of Grants and Federal Programs created document providing clarification on allowable expenses, the document titled “*Allowable Expenditures*” was included in the Leadership Newsletter.

**Recommendations:**

- Recommendation C1. Directors should train the Program Coordinators on which expenses are allowable expense when using Title I funding.
- Recommendation C.2. Require Program Coordinators to work with office managers/principals to determine whether each purchase is allowable.
- Recommendation C.3. Provide Program Coordinators with IVisions access that allows the Program Coordinator to determine whether all necessary documentation is submitted with each purchase requisition.
- Recommendation C.4. Require Program Coordinators to review purchase requisitions before the Assistant Superintendents perform their review.



## **Efficiencies of Operations**

- Recommendation C.5. Title I Directors should ensure Program Coordinators are reviewing and approving purchase requisitions in a timely manner.
- Recommendation C6. Implement a strategy that requires more than one staff member to check for account coding errors and the need for budget modifications.
- Recommendation C.7. Create a continuity binder that contains important information such as which expenses are allowed and documentation that is required when submitting a purchase order. The binder can be digital or hard copy and can add more important information over time. This can provide continuity when staff members change positions. All 78 Title I Schools should have a continuity binder.

# Accountability of Assets

## **BACKGROUND**

The inventory policy for TUSD requires that all district and federally funded items valued at \$1,000.00 or more to be physically accounted for by the site or department administrator. All new purchases valued at \$1,000.00 or more with a useful life longer than one year will be tagged with an individual iVisions asset Tag ID number. Additionally, technology equipment with a value of \$200.00 and above will be assigned a Tag ID number. Asset Management will be responsible for the distribution of the inventory listings on the \$1,000.00 and above schedule.

Receiving process. Once a new asset arrives at the Asset Management warehouse, Asset Management personnel will:

- Mark the asset as “received” in iVisions.
- Create and assign a property control tag number to the asset. (Tag ID)
- Assign the asset to the purchasing site.

## **AUDIT RESULT D. ACCOUNTABILITY OF ASSETS**

**Condition 1.** All 126 assets purchased that required a tag were properly added into iVisions and tagged with an accountability tag.

**Cause.** This positive condition occurred because of the following strong internal controls

- Reconciliation. The Senior Accounting Manger performs periodic reviews of all purchase orders. The Senior Accounting Manager makes sure all 6700’s “OBJECT” series assets are correctly coded and determines whether the asset has shipped. If the assets have shipped the Senior Accounting Manager verifies there is a tag assigned to the asset. Additionally, the Senior Accounting Manager reconciles the General Ledger with the Asset Management System to ensure additions and totals match.
- Segregation of Duties and Coordination. Technology Services is responsible for setting up all computer equipment. If Technology Services notices that the asset is not tagged Technology Services notifies Asset Management to tag the item.

**Condition 2.** Although all assets were properly tagged. 81 of 126 assets could not be located because there was no adequate inventory system in place. To illustrate, after laptops are tagged and assigned to a school site, there is no record of what classroom or staff member the assets are assigned to.

This negative condition occurred because of lack of the following internal controls.

- Appropriate Documentation of Events. The sites did not document where or to whom the assets were assigned to.
- Accountability. The sites did not ensure an individual was responsible for safeguarding assets and ensuring that all items could be properly accounted for.
- Physical Control over Vulnerable Assets. TUSD has not implemented HAYES barcoding system.
- Oversight. District personnel did not provide adequate oversight to ensure that site had an adequate inventory system in place.

## **Accountability of Assets**

**Impact.** Properly accounting for assets reduces the opportunities for theft and loss of district property.

### **Recommendations.**

- Recommendation D.1. Implement HAYES barcoding system to ensure that the location of assets can be known.
- Recommendation D.2. Note in Asset Management records who the assets were assigned to, in order to provide better accountability.

# Parent Engagement

## **BACKGROUND**

Parent Involvement is an integral part of all Title I programs. Research shows that parents play a significant role in the academic achievement of their children. Therefore, it is important for parents and each school to build ongoing dialogues to improve student achievement. Title I supports parental involvement by enlisting individual parents to help their children do well in school. Each school must have a written family engagement policy which:

- Involve parents in developing the policy.
- Describe how the school district will build capacity to improve academic achievement.
- Describes how other federal, state, and local programs combine with Title I to provide a big picture.
- Involves parents in an annual evaluation of policy to determine the policy's effectiveness.
- Use findings of the evaluation to design evidence based strategies.

Written Family Engagement Policy must provide timely information to parents and provide parents with an opportunity to provide dissenting views.

A **compact** is a written agreement between schools and parents identifying responsibilities for improving student academic achievement.

## **CONDITION E. PARENT ENGAGEMENT**

**Condition.** Although compacts were developed and set out goals for each student, the compact did not show parent involvement. Specifically, the compacts did not have a place for parent signature

**Cause.** This condition occurred because of the lack of the following internal control:

- Oversight. Director of Grant and Federal Programs did not recommend that principals and teachers created compacts that documented parent involvement.

**Impact.** Research shows that parents play a significant role in the academic achievement of their children. Therefore, it is important for parents and schools to develop partnerships and build ongoing dialogues to improve student achievement. A signed compact will show the teacher that the parent is heavily vested in the student's success.

## **Recommendation.**

Recommendation E. 1. Create a compact that has a place for parent signatures.