

# **Schedule of Federal Audit Findings and Questioned Costs**

## **Okanogan School District No. 105 Okanogan County September 1, 2010 through August 31, 2011**

- 1. Okanogan School District does not have adequate internal controls to ensure compliance with federal requirements for Highly Qualified Teachers, resulting in questioned costs of more than \$78,000.**

<b>CFDA Number and Title:</b>	84.010 Title I, Part A 84.389 ARRA - Title I, Part A
<b>Federal Grantor Name:</b>	U.S. Department of Education
<b>Federal Award/Contract Number:</b>	NA
<b>Pass-through Entity Name:</b>	Office of Superintendent of Public Instruction
<b>Pass-through Award/Contract Number:</b>	200674 and 240484
<b>Questioned Cost Amount:</b>	\$78,222 (84.389 ARRA Title I)

### **Description of Condition**

The Title I program is designed to improve the teaching and learning of children who are at risk of not meeting state academic standards and who reside in areas with high concentrations of children from low-income families. In fiscal year 2011, the District spent \$846,280 in Title I funding.

The grant requires each teacher who works on the program to meet specific qualifications. A teacher is considered highly qualified if he or she has earned at least a bachelor's degree, holds full state certification and can demonstrate subject matter knowledge and teaching skill in each core academic subject assigned to teach.

During our audit, we found one teacher whose salary and benefits of \$78,222 were charged to the Title I grant that did not meet the highly qualified teacher requirements for fiscal year 2011.

The grant also requires districts, at the beginning of the school year, to notify parents of children enrolled in schools that receive these funds that they can request the following information regarding instructional staff who work with their children: whether the teacher has met state certification for the grades and subjects s/he is teaching; whether the teacher is working with an emergency or conditional certificate when state certification criteria has been waived; the teacher's baccalaureate degree majors; and any other graduate certification or degree held, including field of discipline of the certificate or degree. If the child receives instructional services from a paraprofessional, the districts must provide his or her qualifications.

The District did not notify parents of their options for requesting this information.

## **Cause of Condition**

The District was not aware it could not use Title I money to pay teachers who are not highly qualified.

## **Effect of Condition and Questioned Costs**

Title I students were instructed by a teacher that did not meet federal highly qualified standards. We are questioning costs of \$78,222 charged to this program. In addition, lack of compliance with grant requirements could result in the loss of future federal funding or participation in the programs.

## **Recommendation**

We recommend the District provide adequate training for staff and develop internal controls to ensure compliance with federal highly qualified teacher requirements. We also recommend the District consult with OSPI about repayment of questioned costs.

## **District's Response**

*The purpose of this notice is to inform you I am appealing your decision of producing a "finding" on the Okanogan School District (OKSD) because the district used Title 1 funds to pay a teacher who was not highly qualified (HQ). The district agrees that when guidelines were developed under the second Bush administration Title 1 funds could only be used to pay salaries if the teacher was deemed HQ; i.e. endorsed in their area. In later years, under the Obama administration, teachers who were not HQ were given a new avenue to become temporarily highly qualified. This process included, among other things, following Title 1 Section 1119 "Qualifications for Teachers and Paraprofessionals Verification of Compliance – Principal Attestations." This document is attached and shows the district meeting all requirements for a temporary HQ teacher. Consequently, the district hired the temporary HQ teacher to teach Title 1 Math and paid the Title teacher out of Title 1 funds.*

*The Auditor Office is now stating that even though the district followed the federal and state guidelines and submitted all required paperwork, OKSD was wrong in paying the Title 1 teacher out of Title 1 funds. Neither I nor my Title 1 Director has ever received any wording from the federal government or the state government, that a district cannot use Title 1 funds to pay a title 1 teacher who has received a temporary HQ status. Furthermore, as the attachments show, this unique decision in not paying a Title 1 teacher out of Title 1 funds was a complete surprise to OSPI's Title 2 Director (please see attachment), the local ESD Title 1 Director did not have a definitive answer (please see attachment) and OKSD's Title 1 Director was also very surprised with the auditor's response. Obviously, a serious miscommunication occurred at the state level.*

*Since receiving your unique decision, my people have diligently looked through past emails, documents passed out at workshops and conferences and even spoke to many other Title 1 Directors in the state and none could ever recall being told that a Title 1 teacher, who has a temporary HQ status, cannot be paid using Title 1 funds.*

*It begs the question, why would the federal and state governments set up a process to help teachers become temporary HQ so they can teach Title classes and then turn*

*around and not allow them to use Title funds to pay them? It would be like the State Department of Licensing issuing a Temporary driver's permit only to have a policeman give the driver a ticket because the driver is driving without an official driver's license. It simply does not make sense; consequently, the mass confusion in the state over this new interpretation.*

*Therefore, with OSPI, ESD and local Title 1 Directors being surprised at your finding, and with no documentation from the federal or state governments that temporary HQ teachers cannot be paid out of Title 1 funds, it only makes sense to reverse your finding.*

## **Auditor's Remarks**

The District received communication from OSPI which lead to confusion about whether it was allowable to pay the salary of a teacher that was not highly qualified at the time of placement with Title I funding. However, OSPI did verify that Title I funds cannot be spent to pay the salary of a teacher not highly qualified at the time of placement. In addition, the District is responsible to understand the federal compliance requirements for the programs it receives funding from and the A-133 provides clear guidance for Title I and the highly qualified requirements.

We thank the District for its cooperation and assistance during our audit and look forward to reviewing its corrective action during the next audit.

## **Applicable laws and Regulations**

Title 34, Code of Federal Regulation, section 200.56 – Definition of “highly qualified teacher”, states in part:

A teacher described in §200.55(a) and (b)(1) is a “highly qualified teacher” if the teacher meets the requirements in paragraph (a) and paragraph (b), (c), or (d) of this section.

(a) In general. (1) Except as provided in paragraph (a)(3) of this section, a teacher covered under Sec. 200.55 must—

(i) Have obtained full State certification as a teacher, which may include certification obtained through alternative routes to certification; or

(ii)(A) Have passed the State teacher licensing examination; and

(B) Hold a license to teach in the State.

(2) A teacher meets the requirement in paragraph (a)(1) of this section if the teacher—

(i) Has fulfilled the State's certification and licensure requirements applicable to the years of experience the teacher possesses; or

(ii) Is participating in an alternative route to certification program under which--

(A) The teacher--

(1) Receives high-quality professional development that is sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction, before and while teaching;

(2) Participates in a program of intensive supervision that consists of structured guidance and regular ongoing support for teachers or a teacher mentoring program;

(3) Assumes functions as a teacher only for a specified period of time not to exceed three years; and

(4) Demonstrates satisfactory progress toward full certification as prescribed by the State; and

(B) The State ensures, through its certification and licensure process, that the provisions in paragraph (a)(2)(ii) of this section are met.

(3) A teacher teaching in a public charter school in a State must meet the certification and licensure requirements, if any, contained in the State's charter school law.

(4) If a teacher has had certification or licensure requirements waived on an emergency, temporary, or provisional basis, the teacher is not highly qualified.

(b) Teachers new to the profession. A teacher covered under Sec. 200.55 who is new to the profession also must--

(1) Hold at least a bachelor's degree; and

(2) At the public elementary school level, demonstrate, by passing a rigorous State test (which may consist of passing a State certification or licensing test), subject knowledge and teaching skills in reading/language arts, writing, mathematics, and other areas of the basic elementary school curriculum; or

(3) At the public middle and high school levels, demonstrate a high level of competency by--

(i) Passing a rigorous State test in each academic subject in which the teacher teaches (which may consist of passing a State certification or licensing test in each of these subjects); or

(ii) Successfully completing in each academic subject in which the teacher teaches--

- (A) An undergraduate major;
- (B) A graduate degree;
- (C) Coursework equivalent to an undergraduate major; or
- (D) Advanced certification or credentialing.

(c) Teachers not new to the profession. A teacher covered under Sec. 200.55 who is not new to the profession also must--

(1) Hold at least a bachelor's degree; and

(2)(i) Meet the applicable requirements in paragraph (b)(2) or (3) of this section; or

(ii) Based on a high, objective, uniform State standard of evaluation in accordance with section 9101(23)(C)(ii) of the ESEA, demonstrate competency in each academic subject in which the teacher teaches.

Title 20 United States Code Section 6319, QUALIFICATIONS FOR TEACHERS AND PARAPROFESSIONALS, states in part:

(a) TEACHER QUALIFICATIONS AND MEASURABLE OBJECTIVES-

(1) IN GENERAL- Beginning with the first day of the first school year after the date of enactment of the No Child Left Behind Act of 2001, each local educational agency receiving assistance under this part shall ensure that all teachers hired after such day and teaching in a program supported with funds under this part are highly qualified.

(3) LOCAL PLAN- As part of the plan described in section 1112, each local educational agency receiving assistance under this part shall develop a plan to ensure that all teachers teaching within the school district served by the local educational agency are highly qualified not later than the end of the 2005-2006 school year.

*[Auditor Note: this deadline was extended to the end of the 2007 school year]*

Title 20 United States Code Section 6311, STATE PLANS, states in part:

(h) REPORTS-

(6) PARENTS RIGHT-TO-KNOW-

(A) QUALIFICATIONS- At the beginning of each school year, a local educational agency that receives funds under this part shall notify the parents of each student attending any school receiving funds under this part that the parents may request, and the agency will provide the parents on request (and in a timely manner), information regarding the professional qualifications of the student's classroom teachers, including, at a minimum, the following:

(i) Whether the teacher has met State qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction.

(ii) Whether the teacher is teaching under emergency or other provisional status through which State qualification or licensing criteria have been waived.

(iii) The baccalaureate degree major of the teacher and any other graduate certification or degree held by the teacher, and the field of discipline of the certification or degree.

(iv) Whether the child is provided services by paraprofessionals and, if so, their qualifications.

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.