

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Puyallup School District No. 3

Pierce County

September 1, 2016 through August 31, 2017

2017-001 The District did not have adequate internal controls to ensure it complied with Title I grant requirements for highly qualified paraprofessionals.

CFDA Number and Title:	84.010 – Title I Grants to States Educational Agencies
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	NA
Pass-through Entity Name:	Office of Superintendent of Public Instruction (OSPI)
Pass-through Award/Contract Number:	0202374
Questioned Cost Amount:	\$0

Background

The federal Title I program's objective is to improve the teaching and learning of children who are at risk of not meeting state academic standards and who reside in areas with a high concentration of low-income families. During fiscal year 2017, the District spent \$2,538,387 in Title I program funds.

Federal regulations require federal money recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include knowledge of grant requirements and monitoring of program controls.

Each paraprofessional the District charges to the Title I program must have obtained either a high school diploma or its recognized equivalent. The District must verify that all paraprofessionals it charges to the program have met this requirement.

Description of Condition

The District's procedures for verifying paraprofessionals it hired met the qualification requirements during the period of the audit were not effective in ensuring compliance. The District relied on each applicant's certification that he

or she obtained a high school diploma or its equivalent, without always physically verifying and documenting that they did.

We consider this internal control deficiency to be a material weakness.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The District relied on paraprofessionals' certification that they acquired a high school diploma or equivalent on their employment application to demonstrate the federal requirement was met, without always performing further verification and documenting it.

Effect of Condition and Questioned Costs

Without adequate internal controls in place, such as (maintaining evidence the District verified the paraprofessional had obtained a high school diploma or equivalent, the District cannot demonstrate paraprofessionals met the requirement and, therefore, that costs charged to the grant were allowable.

Our audit found the District did not have evidence of a high school diploma on file for four of the 25 paraprofessionals it charged to the program.

Subsequently, the District obtained copies of transcripts and high school diplomas for the four paraprofessionals to show each met the requirement. Therefore, we are not questioning costs the District charged to the grant.

Recommendations

We recommend the District establish and follow internal controls to ensure every paraprofessional provides evidence of a high school diploma or its equivalent and to keep a copy of this evidence in the employee file.

District's Response

The Puyallup School District does not concur with the finding of a material weakness in internal controls with regard to the highly-qualified status of Title I paraprofessionals. The District was aware of the requirement that Title I paraprofessionals must have a high school diploma or GED and performed verification of this by either reviewing an employee's actual diploma/transcript; or through an employee's certification on their application form. We have found no written documentation requiring the District to maintain a file copy of a paraprofessional's high school diploma/GED or transcripts. Written guidance provided by OSPI (Title I, Part A Guide to Paraeducator Requirements issued

August 2017), explicitly states that districts must maintain a file copy of official transcripts as verification of college credentials (for which the District was 100% compliant on this greater indicator of qualifications) but is silent on any such requirement for verification of a paraeducator's high school diploma/GED or transcripts. The District's reliance on the employee's certification of high school diploma/GED or transcripts was not an internal control weakness, rather a reasonable assumption based on the insignificance of a high school diploma in relation to the college/ETS test requirements and lack of written documentation requiring a file copy be maintained.

Based on the new ESSA legislation, the District anticipated that a copy of the high school diploma/GED or transcripts would be required to be maintained starting in September 2018 and had been proactively contacting Title I paraprofessional staff who had not already provided us with a copy. Also at this time we began requiring this documentation for new hires as well. Prior to the end of the audit all high school diplomas or transcripts for Title I paraprofessionals had been obtained.

The District is confident that our students were well served by the quality paraprofessionals that were employed in the Title I program. We will continue our current practice of ensuring that a copy of an employee's high school diploma/GED or transcript will be maintained on file for all Title I paraprofessionals.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and the steps it is taking to address this issue.

In the OSPI website and the OSPI Title I, Part A, Guide to Paraeducator Requirements:

Paraeducator Qualifications

A. All paraeducators must have the first, essential credential — a high school diploma or GED (General Educational Development). Paraeducators can provide a copy of their high school diploma — transcripts are not necessary.

B. With this credential in place, there are three educational pathways and one evaluation option a potential paraeducator can take to meet federal requirements.

1. Two years of study at an institution of higher education. The institution you choose must meet five criteria of the Higher Education Act, Section 101(a). All classes must be at level 100 or higher. See Appendix A for a list of public and private institutions OSPI determined meet the five criteria.

2. Associate degree or higher. All associate degrees are acceptable.

3. Pass the ETS ParaPro Assessment. The assessment measures skills, and content knowledge related to reading, writing and math. Contact ETS 800-772-9476 or visit ETS ParaPro Assessment.

4. Washington paraeducator portfolio or apprenticeship program — completed previously. Those meeting the apprenticeship requirements must present a journeycard or certificate. The portfolio and apprenticeships are no longer offered for enrollment, however OSPI will continue to honor this pathway....

Exceptions to a High School Diploma

(1) In some states, students can enter community college without a high school diploma or its equivalent. Districts are allowed to accept these colleges, if the first criterion is absent. OSPI will waive the high school diploma requirement if the paraeducator has official college transcripts documenting at least two years of study at an institution of higher education. The institution you choose must meet five criteria of the Higher Education Act, Section 101(a). All classes must be at level 100 or higher. See Appendix A for a list of Washington public and private institutions OSPI determined meet the five criteria.

(2) There may be extenuating circumstances when a paraeducator is cannot access an official copy of the high school diploma or transcripts. OSPI may grant a waiver on a case-by-case basis. Contact the Title II, A office.

We have verified with the pass through agency, OSPI, certification from the employee of a high school diploma is not sufficient evidence. It is the District's responsibility to ensure it is hiring only qualified paraprofessionals. When the district is unable to obtain a copy of the diploma, OSPI will evaluate on a case-by-case basis and may grant a waiver.

We reaffirm our audit finding and will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516 Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200 Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

Title 34 CFR Part 200, *Title I – Improving the Academic Achievement of the Disadvantaged*, section 58 – Qualifications of paraprofessionals, requires all Local Education Agencies (LEA) to ensure that each paraprofessional hired by the LEA who works in a program supported by the funds of the grant must have earned a secondary school diploma or its recognized equivalent.

Office of Superintendent of Public Instruction (OSPI) *Title I, Part A, Guide to Paraeducator Requirements*, establishes the high school diploma or its equivalent as the “essential requirement” and considers a copy of the paraeducator’s high school diploma in lieu of a transcript as adequate in demonstrating the credential is in place.