



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-10-0227

November 17, 2009

ARRA REVIEW OF IDOE TITLE II D ENHANCING EDUCATION
THROUGH TECHNOLOGY

*Indiana Inspector General David O. Thomas and State Examiner Bruce Hartman
of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of Title II D Enhancing Education
through Technology (“Title II D”)¹ also known as Education Technology State
Grants awarded to the Indiana Department of Education (“IDOE”).²

The purpose of Title II D is to improve student academic achievement
through the use of technology in elementary schools and secondary schools.³

I

On February 17, 2009, the United States Government enacted the

¹ 20 U.S.C. §§ 6751 et seq (2006).

² The Indiana Department of Education is established at IC 20-19 -3-1.

³ See footnote 1.

American Recovery and Reinvestment Act (“ARRA”).⁴ The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.⁵

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the IDOE as it relates to Title II D.

II

In 2009, the IDOE was awarded \$10,921,523 in ARRA funds which must be obligated by September 30, 2011, and liquidated by December 31, 2011. The funds will be used to enhance classroom teaching and learning through the integration of technology.

⁴ 40 U.S.C. 1606 (2006).

⁵ Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (“OIG”) and the State Board of Accounts (“SBOA”) that the expenditure of government funds may invite fraud and waste. The OIG’s enabling statute states that the OIG “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). These duties include the authority to “initiate, supervise and coordinate” investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to “prepare interpretive and educational materials and programs.” IC 4-2-7-3(16). Immediately upon the OIG’s creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law”. IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (“OMB”).

III

Findings

From our initial review, we conclude that, except for the issue discussed below, the controls over the Title II D program are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

We noted a potential deficiency in the area of cash management. IDOE's method of transferring federal funds in advance of substantiated subrecipient expenditures may not minimize the time the funds are held by the subrecipients in compliance with 34 CFR sections 80.21 and 80.41.

At a later date, we plan to perform additional procedures as deemed necessary to verify compliance requirements.

Dated this 17th day of November, 2009.



David O. Thomas, Inspector General