

Follow-up Review of
Audit of Educational Alternative
Expenditures and Grant Compliance

November 22, 2019

Report #2019-14



MISSION STATEMENT

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

Donald E. Fennoy II, Ed.D.
Superintendent of Schools

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Follow-up Review of
Audit of Educational Alternative
Expenditures and Grant Compliance
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PALM BEACH COUNTY, FLORIDA

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INSPECTOR GENERAL

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Donald E. Fennoy II, Ed.D., Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: November 22, 2019

SUBJECT: Follow-up Review of
Audit of Educational Alternative Expenditures and Grant Compliance

PURPOSE AND AUTHORITY

Pursuant to *School Board Policy 2.62* and as requested by a School Board Member, we have reviewed the final disposition of the National Institute of Justice's Grant, which was included in the scope of our April 20, 2018, *Audit of Educational Alternative Expenditures and Grant Compliance (OIG Report #2018-04)*.

SCOPE AND METHODOLOGY

This follow-up review focused on the processing of eligible expenditures submitted by vendors after closure of the grant. The review included interviewing District staff and reviewing payment records during January through June 2019.

The draft report was sent to management for review and comments. Management responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the review. The final draft report was presented to the Audit Committee at its November 22, 2019, Meeting.

BACKGROUND

National Institute of Justice Grant. The District received a grant award of \$3,909,116 from the National Institute of Justice (NIJ) for school safety research for the period January 1, 2015, through December 31, 2017. This Grant was for gathering information for the U.S. Department of Education's 2014 Comprehensive School Safety Initiative. In May 2017, the NIJ granted the District a one-year no-cost extension through December 31, 2018, to provide additional time to recruit the full number of students needed for the planned research study design.

\$272,016 in Available Grant Fund Balance as of December 31, 2018. ***OIG Report #2018-04*** concluded that, as of January 23, 2018, the program had expended a total of \$2,504,679.60, or 64% of the grant award. During the one-year extension of the Grant, the District paid an additional \$1,132,420.72 in expenditures, bringing the total grant expenditures to \$3,637,100.32 or 93% of the total grant award. As of December 31, 2018, the grant had an available fund balance of \$272,016 (\$3,909,116 – \$3,637,100).

CONCLUSION

Expenditures Incurred During Grant Period, But Pay Request Submitted After Grant Closure. On January 24, 2019, subsequent to the end of the grant extension period, one consultant submitted the final invoice of \$163,472.30 for work performed during the final six months of the grant period. The invoice was received by the District within 30 days of the work performed by the consultant, consistent with the terms of the agreement for qualified expenditures. However, District staff denied the consultant’s payment request because of a misunderstanding in the terms and conditions of the one-year no-cost extension.

After several email exchanges with the consultant, staff referred the nonpayment issue to the Director of Support Services and Assistant Superintendent of Choice Programming for clarification. On June 13, 2019, after additional requests from the consultant, a decision was made by the District to pay the invoice. Since the grant was closed by NIJ in May 2019. NIJ denied the District’s request to reopen the grant for reimbursement. On July 3, 2019, the District paid the \$163,472.30 from the General Fund, and recorded the payment in the Disallowed Grant Costs Account for Fiscal Year 2019.

When the last invoice was submitted by the consultant on January 24, 2019, a remaining \$272,016 in grant funding was available for making the payment. If staff had approved the last invoice within the grace period, the District would have been reimbursed by NIJ.

Recommendation

Training should be provided to staff who are responsible for overall administration of grants. Failure to understand the terms and conditions of the grant could result in adverse impact on the School District.

Management’s Responses:

Department of Support Services:

- *I concur with the conclusion from the Office of Inspector General.*
- *I will schedule a meeting with the Budget Office to ensure best practices are being implemented in our Department of Support Services.*
- *I will seek additional training opportunities for the Budget Manager/Grant Compliance and Director to attend to be completed December 2019.*

- *I will counsel personnel responsible and involved with budget expenditures on timely and effective communication regarding all budget expenditures.*
- *Schedule monthly contact meeting with Budget Manager.*

(Please see page 4.)

Office of the CFO: Management concurs. Resources are available to support grant managers. Additional training will be provided to avoid recurrence of this isolated incident. (Please see page 5.)

ADDITIONAL INFORMATION

In response to the Deputy Superintendent's request, in August 2019, the Department of Employee & Labor Relations (ELR) initiated an investigation into the issue related to the National Institute of Justice's Grant. On September 25, 2019, a Memorandum of Directives was issued to the responsible employee concerning policies, procedures, and job responsibilities.

– End of Report –

Management's Response
Department of Support Services



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

ELAINE HUBBARD-WILLIAMS
Director

JUNE EASSA
Assistant Superintendent

SUPPORT SERVICES
Turning Points Academy
1950 Benoist Farms Rd.
West Palm Beach, FL 33411
Phone: 561-681-3791
www.palmbeachschools.org/supportservices/

MEMORANDUM

To: Lung Chiu, Inspector General
From: Elaine Hubbard-Williams, Director 
Cc: June Eassa, Assistant Superintendent
Date: October 3, 2019
RE: Response to OIG Report (OIG) #2018-04

RECEIVED
OCT - 4 2019
INSPECTOR GENERAL

- I concur with the conclusion from the Office of Inspector General
- I will schedule a meeting with the Budget Office to ensure best practices are being implemented in our Department of Support Services
- I will seek additional training opportunities for the Budget Manager/Grant Compliance and Director to attend to be completed December 2019
- I will counsel personnel responsible and involved with budget expenditures on timely and effective communication regarding all budget expenditures
- Schedule monthly contact meetings with Budget Manager

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Management's Response
Office of the CFO



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PALM BEACH COUNTY, FL

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MICHAEL J. BURKE
CHIEF FINANCIAL OFFICER

DONALD E. FENNOY II, Ed.D.
SUPERINTENDENT

Memorandum

TO: Lung Chiu, Inspector General

FROM: Michael J. Burke, Chief Financial Officer

DATE: October 8, 2019

SUBJECT: **Management Response to Follow-up Review of Audit of Educational Alternative Expenditures and Grant Compliance**

RECEIVED
OCT - 8 2019
INSPECTOR GENERAL

Management reviewed the Report related to the Follow-up Review of Audit of Educational Alternative Expenditures and Grant Compliance and has the following response to the recommendation below.

Recommendation:

Training should be provided to staff to ensure that the staff responsible for administering the grant is familiar with the terms and conditions of the grant.

Management's Response:

Management concurs. Resources are available to support grant managers. Additional training will be provided to avoid recurrence of this isolated incident.

MJB:mw

cc: Keith Oswald, Deputy Superintendent/Chief of Schools
Dr. Glenda Sheffield, Chief Academic Officer
Elaine Hubbard-Williams, Director, Support Services

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