



**U.S. DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL  
75 Park Place, 12th Floor  
New York, New York 10007**



March 30, 2005

**Control Number  
ED-OIG/A02-E0019**

Honorable Gloria E. Baquero Lleras  
Secretary of Education  
Puerto Rico Department of Education  
Calle Teniente González, Esq. Calle Calaf – 12<sup>th</sup> Floor  
Urb. Tres Monjitas  
San Juan, Puerto Rico 00919

Dear Secretary Baquero:

This is our final audit report entitled *Puerto Rico Department of Education's (PRDE) Migrant Education Program (MEP)*. The objectives of our audit were to determine if: (1) students recruited in PRDE's MEP were eligible; and (2) PRDE's MEP funds were used for the intended purpose. We found that all 171 MEP students sampled were ineligible, resulting in approximately \$43,824 in MEP grant funds not being used for the intended purpose. Our interviews with PRDE's MEP recruiters revealed that they did not follow Federal requirements when enrolling students in the program.

We provided a draft of this report to PRDE. In its response, dated March 11, 2005, PRDE did not dispute our finding and recommendations. PRDE stated it was working with MEP program officials from the U.S. Department of Education (ED), through the Cooperative Audit Resolution and Oversight Initiative (CAROI) process,<sup>1</sup> and under the Compliance Agreement entered into on October 25, 2004,<sup>2</sup> to improve its MEP program. We have summarized PRDE's comments after the finding and included the comments in their entirety as an Attachment.

## **BACKGROUND**

The MEP is authorized under Part C of Title I of the Elementary and Secondary Education Act of 1965, as amended. Federal regulations define a MEP eligible migratory child as a child who is, or whose parent, spouse, or guardian is, a migratory agricultural worker, including a migratory dairy worker, or a migratory fisher, and who, in the preceding 36 months, has moved

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<sup>1</sup> CAROI is a collaborative method used by ED to provide alternative and creative approaches to resolve audit findings, as well as their underlying causes.

<sup>2</sup> The Commonwealth of Puerto Rico (Puerto Rico), PRDE, and ED entered into a three-year Compliance Agreement. Through this agreement, Puerto Rico and PRDE, with the assistance of ED, agreed to develop or complete integrated and systemic solutions to problems they have had in the management of Federal education funds and programs.

from one school district to another, to obtain temporary or seasonal employment in agricultural or fishing work as a principal means of livelihood. The goal of the MEP is to ensure that all migrant students reach challenging academic standards and graduate with a high school diploma or its equivalent, a General Education Development (GED) certificate, that prepares them for responsible citizenship, further learning, and productive employment. Federal funds are allocated by formula to state education agencies, based on each state's per pupil expenditure for education and counts of eligible migratory children, aged 3 through 21, residing within the state. PRDE's MEP authorized funding for award year 2003-2004 was \$3,879,778. A total of 15,139 students participated in the MEP during the award year.

ED Office of Inspector General's (OIG) Investigative Services provided ED-OIG's Audit Services with initial data based on a review they recently performed. The review found that all 16 students reviewed did not meet MEP eligibility criteria. Interviews with parents of the 16 MEP participants revealed that none of them had moved as a result of obtaining employment in agricultural or fishing work. PRDE's MEP recruiters stated that during the orientation provided by PRDE officials, they were told that MEP-qualifying jobs could supplement the main income-generating employment of the parents, and that products produced in the backyard, such as bananas and/or plantains, used for personal consumption, could also meet the eligibility requirement for the MEP. The recruiters also indicated that if a person had a banana plant and used the bananas to prepare products to sell, then the activity would be eligible for the MEP. A former MEP recruiter stated that PRDE officials told them that food preparation included working in a fast food restaurant, and that they were questioned when the number of students enrolled in the program decreased.

## AUDIT RESULTS

### **Finding: PRDE recruited ineligible students for the Migrant Education Program**

During the period July 1, 2003, through June 30, 2004, PRDE recruited students for the MEP who did not meet all the requirements to be eligible for the program. We reviewed a total of 94 Certificates of Eligibility (COE),<sup>3</sup> representing 171 students, and found that all 171 students were ineligible according to MEP requirements. As a result, approximately \$43,824<sup>4</sup> in MEP grant funds were used for ineligible purposes. Additionally, ED could not be assured that the total of \$3,879,778 in PRDE's MEP funds granted during the period reviewed, were properly expended. Our interviews with PRDE's MEP recruiters revealed that they did not follow Federal requirements to determine the students' eligibility as migratory children.

This MEP eligibility issue was not identified in the 2003 Single Audit of PRDE because the Independent Public Accountants' (IPA) auditors relied upon guidance from ED's Office of Elementary and Secondary Education (OESE), which stated that the only document needed to support whether a student is eligible for the MEP is the COE. The IPA did not test the validity of the COEs. PRDE had demonstrated that it did maintain COEs to support participants' eligibility for the program.

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<sup>3</sup> A COE is the form required to document a student's eligibility in the MEP.

<sup>4</sup> This amount represents a prorated share based on the MEP funding authorized for award year 2003-2004 and the number of students who participated in the program during the award year.

We also found that the master list of MEP active participants, maintained by PRDE's central level, differed from the lists maintained by the schools. PRDE's master list included more participants than the schools' lists. This occurred because the program's recruiters and social workers were not aware that they had to send the inactive students' files to PRDE's central level for PRDE to withdraw the students from the program. As a result, PRDE's master list was not properly updated, and it overstated the MEP actual participants.

Pursuant to 34 C.F.R. § 200.81(d)(1),<sup>5</sup> "Migratory child means a child who is, or whose parent, spouse, or guardian is, a migratory agricultural worker, including a migratory dairy worker, or a migratory fisher, and who, in the preceding 36 months, in order to obtain, or accompany such parent, spouse, or guardian in order to obtain, temporary or seasonal employment in agricultural or fishing work – has moved from one school district to another."

Interviews with the 94 parents of the claimed 171 migratory children in our sample disclosed that the families moved primarily to purchase a house, because they had separated from their spouse, or for other personal reasons. In addition, some families had never moved, and the students had always attended the same school. None of the parents interviewed stated that the reason for the move was to obtain employment in agricultural or fishing work. Additionally, the interviews disclosed that the majority of the parents had never worked in the qualifying activity shown on the COE.

According to the recruiting manual provided by PRDE, the procedures were very specific regarding student eligibility. However, MEP recruiters we interviewed stated that they waived the intent of the move requirement because, in Puerto Rico, there were very few people who would move with the intent to work in agricultural or fishing work.

## Recommendations

We recommend that the Assistant Secretary for OESE require PRDE to:

- 1.1 Return to ED \$43,824 of MEP funds expended for ineligible students;
- 1.2 Establish controls to ensure MEP recruiters follow Federal requirements when enrolling students in the program;
- 1.3 Require MEP social workers to submit a student's file when a student withdraws from the program so that PRDE's central level can determine correctly the total MEP participants to be included on PRDE's master list;
- 1.4 Verify the COEs of all students currently enrolled in the MEP that were not included in our sample to determine whether they are eligible to continue participating in the program, and return to ED any funds received on the basis of ineligible students; and

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<sup>5</sup> Unless otherwise specified, all regulatory citations are to the July 1, 2003 volume.

- 1.5 Ensure that the IPAs perform sufficient work to determine students' eligibility to participate in the MEP in the future.

### **PRDE's response**

In general, PRDE agreed with our finding and recommendations. PRDE stated it was working in close cooperation with MEP program officials from ED to prepare a corrective action plan to improve current procedures, and institute new procedures that will ensure that MEP funds are spent in accordance with Federal requirements. Under the corrective action plan, PRDE will

- conduct a re-interview process to determine the defect rate of the current migrant eligibility list, revise the child count data from prior years, and take any required personnel actions (such as termination, demotion, etc.) based on the information gathered,
- identify all ineligible children previously identified as eligible and terminate their receipt of MEP services,
- correct any fiscal deficiencies occurring as a result of incorrect eligibility determinations,
- terminate and/or downsize projects that serve ineligible migrant children, and
- establish and strengthen quality control for the program.

PRDE requested that the required actions to resolve this audit, the corrective actions undertaken with the program office, and the remedial actions under the Compliance Agreement be combined and consolidated through the existing CAROI process.

### **OIG's reply**

We considered PRDE's response, but did not change our finding and recommendations. PRDE's efforts to improve current procedures through the CAROI process may be considered by ED's Assistant Secretary for the Office of Elementary and Secondary Education as part of the audit resolution process. If fully implemented, the corrective actions PRDE described in its response should help improve its MEP program in a manner consistent with Federal program and grant management requirements. However, PRDE must return to ED the \$43,824 of MEP funds expended for ineligible students.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The objectives of our audit were to determine if: (1) students recruited in PRDE's MEP were eligible; and (2) PRDE's MEP funds were used for the intended purpose.

To accomplish the audit objectives, we interviewed officials from PRDE's MEP. In addition, we verified with the parents of MEP participants the information included in the COEs. We performed our fieldwork at PRDE's offices in Hato Rey, Puerto Rico from August 12, 2004, through December 8, 2004, the date of our exit conference.

To verify the information included in the COEs, we interviewed MEP participants at their homes from September 10, 2004, through November 29, 2004. We also interviewed some parents we

could not initially contact at home through visits at the schools from November 9, 2004, through November 15, 2004.

To achieve our audit objectives, we selected a random sample of the MEP participants for the award period July 1, 2003, through June 30, 2004, from the list provided by PRDE. We stratified our sample by participant volume. The universe of MEP participants for 2003-2004 consisted of 989 schools with 15,139 students.

Our sample included 20 schools and 1,009 MEP participants. The sample of schools was stratified by participant volume, omitting schools with a participant volume under 25, using the following strata:

<b>Range of students</b>	<b>Number of schools</b>
100 and above	2
50 through 99	8
25 through 49	10

We performed interviews of MEP participants at 5 of the 20 schools and interviewed 94 parents, representing 171 participants. The five schools visited were Guillermina Rosado de Ayala from the Loiza school district, Coquí Salinas from the Salinas school district, Pedro Melendez Playita Cortada and Ana Valdejuly from the Santa Isabel school district, and Eugenio Maria de Hostos from the Canóvanas school district. We judgmentally selected the 5 schools from the sample of 20 schools based on the volume of MEP participants and the completeness of the address information provided in the COE. After obtaining the results of the interviews at these five schools, we decided not to continue with the interviews at the other 15 schools.

To achieve our audit objectives, we relied on computer-processed data provided by PRDE. To test the reliability and completeness of PRDE’s data, we compared the schools’ lists of MEP participants with the list that PRDE’s central level provided. Based upon this test, we concluded that the PRDE data was not complete, but was sufficiently reliable for our audit purposes as supplemented with more complete school data.

Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

**STATEMENT ON INTERNAL CONTROL**

We did not review the internal control structure of PRDE because we previously reviewed the internal controls, policies, procedures, and practices applicable to PRDE’s administration of contracts in recent ED/OIG audits (A02-C0017, A02-D0014, and A02-D0020). PRDE has yet to implement our major internal control recommendations. Based on previous knowledge, we determined the level of control risk, that is the risk that material errors, or irregularities, or illegal actions may occur, to be high.

### ADMINISTRATIVE MATTERS

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit:

Raymond J. Simon  
U.S. Department of Education  
Office of Elementary and Secondary Education  
400 Maryland Ave., SW  
Washington, D.C. 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/

Daniel P. Schultz  
Regional Inspector General  
for Audit

**Attachment****Commonwealth of Puerto Rico**  
DEPARTMENT OF EDUCATION

OFFICE OF FEDERAL AFFAIRS

March 11, 2005

Daniel P. Schultz  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of Inspector General  
75 Park Place, Room 1207  
New York, NY 10007

Dear Mr. Schultz:

On February 10, 2005, the United States Department of Education, Office of Inspector General, issued Draft Audit Report Control Number ACN:A02-E0019. This Draft Audit Report presented the results of OIG's audit of *Puerto Rico Department of Education's (PRDE) Migrant Education Program*. PRDE appreciates the opportunity to respond to the Office of Inspector General's (OIG) draft audit report.

PRDE has the following response to the finding contained in the draft audit report.

**Response**

The draft audit finding states that during the covered period PRDE "recruited ineligible students for the Migrant Education Program (MEP)." Therefore, OIG recommends that PRDE return \$43,824 in MEP grant funds.

PRDE is investigating this finding and gathering additional information regarding MEP recruiting efforts. PRDE is also working in close cooperation with MEP program officials from the U.S. Department of Education (USDE) to prepare a corrective action plan that will improve current procedures and institute new procedures that will ensure that federal migrant program funds are spent in accordance with federal requirements. PRDE is also revising its prior year participant counts.

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PRDE anticipates that these efforts will continue through the Cooperative Audit Resolution and Oversight Initiative (CAROI) process and under the Compliance Agreement entered into on October 25, 2004. In the interests of efficiency and best use of resources, PRDE requests that it be authorized to submit all MEP-related issues to one USDE office. Similarly, PRDE requests that all efforts to resolve financial liabilities, if any be undertaken through the existing CAROI process.

Recently, MEP program officials from USDE visited PRDE to assist in developing a corrective action plan for PRDE's migrant program. Under the corrective action plan, which is still being finalized with USDE assistance, PRDE will:

- Conduct a re-interview process to determine the defect rate of the current migrant eligibility list,
- Revise the child count data from prior years based on the results of the re-interview process,
- Identify all ineligible children previously identified as eligible and terminating their eligibility from MEP and the receipt of MEP services,
- With the assistance of USDE, correct any fiscal deficiencies occurring as a result of incorrect eligibility determinations
- Terminate and/or downsize projects that serve ineligible migrant children or are no longer relevant based on newest information,
- Take any required personnel actions (such as termination, demotion, etc.) based on the information gathered during the re-interview process, and
- Establish and strengthen quality control for the migrant program, including the redesign of the Certificate of Eligibility form and the streamlining of the documentation process.

In addition, as required under the action plans which are incorporated by reference into the Compliance Agreement, PRDE is undertaking additional specific actions to ensure that the migrant program complies with all federal requirements. They are as follows:

- Formalize process for maintaining required documentation to support the eligibility of students participating in the program. Ensure that formalized process includes all documents required under the statute
- Train program directors, regional directors, and other appropriate migrant staff on revised documentation maintenance requirements



- Conduct additional staff trainings for all relevant MEP personnel on specific eligibility requirements of migrant program, such as the definition of a qualifying move, agricultural or fishing activity, Principal Means of Livelihood (PMOL), etc. to ensure the accuracy of the Certificates of Eligibility (COE)
- Conduct additional staff trainings on specific provision of services requirements, including, but not limited to:
  - \* priority for services,
  - \* how MEP students should be served in schoolwide programs,
  - \* service to private school students, and
  - \* fiscal requirements
- Consistent with monitoring plan, monitor revised documentation process and other migrant program requirements, deliver immediate technical assistance if needed
- Review manual clarifying eligibility requirements of the migrant program. If necessary, revise manual

As the auditors recognized, PRDE has already developed specific recruiting procedures, described in PRDE's migrant program recruiting handbook, which accurately reflect all federal requirements. However, it appears that migrant personnel were not carrying out the policies contained in the handbooks. Therefore, this finding underscores the importance of training and monitoring personnel to ensure they correctly implement federal grant programs.

The above activities will ensure employees have the proper knowledge, tools, and resources for implementing federal programs consistent with federal programmatic and fiscal requirements. These trainings will also address cross-cutting federal grants management issues so that only allowable activities are supported with federal funds. PRDE is in the process of preparing trainings specific to the MEP.

In addition, under the action plans incorporated into the Compliance Agreement, PRDE is strengthening its monitoring and technical assistance process. This will ensure employees have access to high-quality technical assistance. Further, weaknesses in federal programs will be identified and remedied in a timely fashion.

### **Conclusion**

PRDE recognizes the important tasks before it in upgrading its grants management process. PRDE has collaborated with USDE to develop an action plan to continue to improve its MEP program in a manner that is consistent with federal program and grants management requirements. PRDE requests that the required actions to resolve this audit, the corrective actions undertaken with the program office, and the remedial actions under the compliance agreement be combined and that PRDE's work on resolving

this audit be consolidated with its work with the program office and all efforts occur under the CAROI endeavor which is currently ongoing with USDE.

If you have any questions, please feel free to contact me.

Sincerely,



Ethel M. Torres Arroyo  
Director, Office of Federal Affairs