



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

SEP 06 2001

**MEMORANDUM**

TO: Robert Pasternack  
Assistant Secretary  
Office of Special Education and  
Rehabilitative Services

FROM: *Lorraine Lewis*  
Lorraine Lewis

SUBJECT: **FINAL AUDIT REPORT**  
*Audit of IDEA Part B at the Mississippi Department of  
Education, Jackson, Mississippi*  
Control Number ED-OIG/A05-B0021

Attached is the subject report resulting from our audit of IDEA Part B at the Mississippi Department of Education.

If you have any questions or wish to discuss the contents of this report, please contact Richard Dowd, Regional Inspector General for Audit, Region V, at (312) 886-6503.

Please refer to the above audit control number in all correspondence relating to this report.

Attachment



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MEMORANDUM

SEP 06 2001

**TO:** William D. Hansen  
Deputy Secretary of Education

**FROM:** *Lorraine Lewis*  
for Lorraine Lewis

**SUBJECT:** **FINAL AUDIT REPORT**  
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Control Number ED-OIG/A05-B0021

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**MEMORANDUM**

SEP 06 2001

**TO:** Terry Abbott  
Chief of Staff  
Office of the Secretary

**FROM:**   
Lorraine Lewis

**SUBJECT:** **FINAL AUDIT REPORT**  
*Audit of IDEA Part B at the Mississippi Department of Education, Jackson, Mississippi*  
Control Number ED-OIG/A05-B0021

Attached is a copy of the final audit report referenced above. We are furnishing this report to you because it may contain information of interest to you.

If you have any questions, please call Richard Dowd, Regional Inspector General for Audit, at 312-886-6503.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION

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**MEMORANDUM**

SEP 06 2001

TO: Eugene W. Hickok  
Under Secretary

FROM: *for* *James A. Carter*  
Lorraine Lewis

SUBJECT: **FINAL AUDIT REPORT**  
*Audit of IDEA Part B at the Mississippi Department of  
Education, Jackson, Mississippi*  
Control Number ED-OIG/A05-B0021

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# UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

CONTROL NUMBER  
ED-OIG/A05-B0021

SEP 06 2001

Ms. Paulette White, Bureau Director of Special Education  
Mississippi State Department of Education  
Office of Special Education  
Post Office Box 771  
359 North West Street  
Jackson, Mississippi 39205-0771

Dear Ms. White:

This **Final Audit Report** presents the results of our audit of Individuals with Disabilities Education Act Part B (IDEA) funds at the Mississippi Department of Education, Office of Special Education (MDE) and three selected Local Educational Agencies (LEAs). The objectives of our audit were to determine: (1) the extent of and reasons for carryovers at three selected LEAs; (2) how many LEAs implemented the 20 percent supplanting provision and, where implemented, how the supplanted funds were used and accounted for; and (3) if the MDE developed and implemented cash management controls to minimize excess cash.

## AUDIT RESULTS

The percentage of IDEA funds that the three selected LEAs carried over ranged from 23 to 73 percent of their 1999 grant year (July 1, 1999 - June 30, 2000) total IDEA allocation. One of the LEAs had a carryover because expenses during the year were less than expected. The other two LEAs planned to have carryovers. IDEA has no limits on carryovers. IDEA contains a supplanting provision that allows LEAs to use 20 percent of the federal funding increase in place of non-federal funds. The MDE had no record that any LEA implemented the supplanting provision, and none of the three selected LEAs had implemented the provision. The MDE's cash management controls appeared to be adequate as we found no evidence that the MDE or the three LEAs maintained excess cash.

## BACKGROUND

The purpose of IDEA is to (1) ensure that children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs and prepare them for employment and independent living; (2) ensure that the rights of children with disabilities and parents of such children are protected; and (3) assist states, localities, educational service agencies, and federal agencies to provide for the education of all children with disabilities. IDEA was enacted in 1975 and is scheduled for reauthorization in 2002.

The IDEA programs are governed by regulations contained in 34 C.F.R. Part 300, *Assistance to States for the Education of Children with Disabilities*. In addition, IDEA is subject to the provisions contained in the *State-Administered Programs* (34 C.F.R. Part 76), *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 C.F.R. Part 80), and *General Education Provisions Act-Enforcement* (34 C.F.R. Part 81) regulations.

For grant year 1999, the Department allocated \$42.6 million to the MDE for IDEA. Of that amount, the MDE planned to keep \$9.5 million for administration and state level activities and planned to provide \$33.1 million to the 164 LEAs based on an annual child count of special education students. The MDE planned to provide \$1,284,500 to the Jackson Public School District, \$355,666 to the Hattiesburg Public School District, and \$58,500 to the Richton School District.

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

The objectives of our audit were to determine (1) the extent of and reasons for carryovers at three selected LEAs; (2) how many LEAs implemented the 20 percent supplanting provision and, where implemented, how the supplanted funds were used and accounted for; and (3) if the MDE developed and implemented cash management controls to minimize excess cash.

To meet our objectives, we reviewed: (1) MDE policies and procedures for cash management, monitoring, and reporting on the LEAs' carryovers; (2) MDE accounting documents including Project Budget Line Reports, Payment Vouchers, Disbursement Listings, and memos regarding LEA cash request procedures; (3) Statewide Automated Accounting System information; and (4) the Cash Management Improvement Act agreement between the State of Mississippi and the U.S. Treasury. At LEAs, we reviewed requests for funds, general ledger reports, expenditure budget reports, and electronic funds transfer documents.

We reviewed findings from the 1997, 1998, and 1999 single audit reports for the State of Mississippi, and researched the Office of Special Education Program's web page for recent monitoring reports. In addition, we interviewed officials from the MDE, three LEAs, and the Mississippi Office of the State Auditor.

To achieve the assignment's objectives, we relied on data contained in the MDE's and the three LEAs' databases. We obtained IDEA disbursement data using the Department's Central Automated Processing System/Grant Administration and Payment System (EDCAPS/GAPS). We then verified that disbursement information in the MDE's database agreed with EDCAPS/GAPS information and with receipt information in the three LEAs' databases. We did not verify the reliability of LEA expenditure data because the data was not critical to meeting the objectives of the audit. However, during our audit, nothing came to our attention that caused us to doubt the acceptability of the data.


Our audit covered the 1997, 1998, and 1999 grant award years. We performed field work at the MDE in Jackson, Mississippi, from May 7-9, 2001. We also performed field work at three LEAs from April 24-26, 2001, and May 9-11, 2001. We conducted our audit in accordance with government auditing standards appropriate to the scope of review.

### **STATEMENT ON MANAGEMENT CONTROLS**

As part of our review, we gained an understanding of the MDE's management control structure, as well as its policies, procedures, and practices applicable to the scope of the audit. We identified applicable significant controls at the MDE related to carryovers, supplanting, and cash management. We gained an understanding of the policies, procedures, and practices related to carryovers, supplanting, and cash management at the three LEAs. Due to inherent limitations, gaining an understanding of management controls would not necessarily disclose material weaknesses.

We appreciate the cooperation and assistance extended by your staff during the audit. You are not required to respond to this report. However, if you desire to discuss it, please call Richard Dowd, the Regional Inspector General for Audit in Chicago, Illinois, at 312-886-6503.

Sincerely,

  
for Lorraine Lewis  
Inspector General

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