



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services
Chicago/Kansas City Audit Region

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Control Number
ED-OIG/A05J0004

Dr. S. Verna Fowler
President
College of Menominee Nation
P.O. Box 1179
N 172 Highway 47/55
Keshena, WI 54135

Dear Dr. Fowler:

This **Final Audit Report**, entitled *The College of Menominee Nation's Indian Education—Professional Development Grant*, presents the results of our audit. The objectives of the audit were to determine whether the College of Menominee Nation (CMN) (1) verified participants' eligibility, (2) notified participants of the program payback and reporting requirements, (3) submitted regular performance reports to the Office of Indian Education, and (4) used grant funds only for costs that were allowable and in accordance with applicable laws, regulations, and grant provisions governing its Indian Education—Professional Development Grant. Our audit covered the period July 21, 2004, through July 20, 2007.

BACKGROUND

CMN, located in Keshena, Wisconsin, on the Menominee Indian Reservation, is a private, non-profit, 2-year institution. The tribally controlled college is accredited by the North Central Association of Colleges and Schools and offers Associate's Degree and Certificate programs in a variety of areas, including business administration, human services, and early childhood education. CMN has an additional location in Green Bay, Wisconsin.

As part of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 (NCLB, Public Law 107-110), the U.S. Department of Education (Department), Office of Indian Education, offers Indian Education—Professional Development Grants to eligible institutions and entities, including institutions of higher education and State educational agencies, local educational agencies, and certain schools that are in consortium with institutions of higher education. The purpose of the program is to prepare and train Indian individuals to serve as teachers and educators. Grants are awarded to (1) increase the number of qualified Indian individuals in professions that serve Indians; (2) provide training to qualified

Indians to become teachers, administrators, teacher aides, social workers and other education personnel; and (3) improve the skills of those qualified Indians who currently serve in those capacities. Individuals trained under this program must either perform work related to their training that helps Indian individuals or repay all or a prorated part of the assistance received.

CMN received Indian Education—Professional Development Grant funds from 2004-2007. According to the Department's Grants Administration Payment System, CMN received \$891,051 for the grant performance period (July 21, 2004, through July 20, 2007). A total of 13 CMN students participated in the program.

AUDIT RESULTS

During the period July 21, 2004, through July 20, 2007, CMN (1) verified participants' eligibility, (2) notified participants of the program payback and reporting requirements, (3) submitted all required performance reports to the Office of Indian Education in a timely manner, and (4) used grant funds only for costs that were allowable and in accordance with applicable laws, regulations, and grant provisions governing its Indian Education—Professional Development Grant. Specifically, CMN

1. Verified that all participants were enrolled in an appropriate education-related program of study and verified participants' Indian status;
2. Obtained signed payback agreements from each participant, which informed participants of the payback and reporting requirements of the grant; and
3. Submitted all quarterly grant performance reports as well as the final grant performance report.

In addition, CMN appropriately used grant funds. We reviewed documentation supporting costs for random and judgmental samples¹ of \$174,860 of \$804,785 (22 percent) of non-personnel costs, \$13,922 of \$67,671 (21 percent) of salary and wage costs, and \$2,019 of \$18,947 (11 percent) of fringe benefits costs. CMN provided supporting documentation, such as time and effort certifications, invoices, receipts, and cancelled checks, that demonstrated each cost was allowable.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether the College of Menominee Nation (1) verified participants' eligibility, (2) notified participants of the program payback and reporting requirements, (3) submitted regular performance reports to the Office of Indian Education, and (4) used grant funds only for costs that were allowable and in accordance with

¹ See Objectives, Scope, and Methodology section (pages 3 and 4) for descriptions of our sample selection.

applicable laws, regulations, and grant provisions governing its Indian Education—Professional Development Grant. Our audit covered the period July 21, 2004, through July 20, 2007.

To achieve our objectives, we performed the following procedures.

1. Gained an understanding of the Indian Education—Professional Development Grant program and CMN relevant to our audit objectives by reviewing the Department’s and the Office of Indian Education’s websites, reviewing CMN’s website, reviewing CMN’s organizational chart, interviewing CMN officials, and contacting the Office of Indian Education regarding CMN’s Indian Education—Professional Development Grant.
2. Identified the amount of Indian Education—Professional Development Grant funds received by CMN for the period July 21, 2004, through July 20, 2007, by reviewing information from the Department’s Grants Administration and Payment System.
3. Reviewed CMN’s A-133 single audit reports: *Annual Financial Report*, year ended June 30, 2005; *Annual Financial Report*, year ended June 30, 2006; and *Financial Statements with Supplemental Financial Information*, year ended June 30, 2007, to determine whether they included any findings relevant to our audit objectives.
4. Identified and gained an understanding of the law, regulations, Office of Management and Budget Circular A-87 (*Cost Principles for State, Local, and Indian Tribal Governments*), and grant provisions significant within the context of the audit objectives and in effect for the audit period.
5. Reviewed documentation, such as certification of Indian status, evidence of graduation from an educationally-related program, and payback agreements for all 13 participants.
6. Reviewed all performance reports for the period July 21, 2004, through July 20, 2007, that CMN submitted to the Office of Indian Education.
7. Contacted schools to verify all 13 participants’ post-grant employment.
8. Obtained and reviewed CMN’s accounting records and identified all Indian Education—Professional Development Grant funds expended during the period July 21, 2004, through July 20, 2007.

To determine whether CMN used grant funds only for allowable personnel costs, we selected samples of Indian Education—Professional Development Grant personnel transactions. We selected \$13,922 of \$67,671 (21 percent) of salary costs and \$2,019 of \$18,947 (11 percent) of fringe benefits costs. We randomly selected 4 of 140, 4 of 118, and 4 of 57 salary transactions for each grant year (2005, 2006, and 2007, respectively). We reviewed all payroll expenditures for the pay periods that corresponded with the transaction dates of the randomly selected transactions. We also judgmentally selected one month of fringe benefits for each grant year, ensuring that we included at least one pay period for each month that was also selected for our review of salary costs. We then (1) obtained and reviewed payroll records detailing salary, wages, and fringe benefit expenditures for the grant performance period July 21, 2004, through July 20, 2007; (2) obtained and reviewed payroll support, including contracts, job descriptions, timesheets, and after-the-fact personnel certifications; (3) traced staff salaries and wages to supporting documentation; and (4) reviewed fringe benefits documentation to ensure that costs charged to the Indian Education—Professional Development Grant were reasonable and included costs only for personnel working on the grant.

To determine whether CMN used grant funds only for allowable non-personnel costs, we selected \$174,860 of \$804,785 (22 percent) in transactions charged to various cost categories, including, contractual, office supplies, program supplies, miscellaneous, travel, tuition, stipends, and indirect costs. We judgmentally selected transactions from each of these categories, as applicable, for each of the grant years (2005, 2006, and 2007). We generally selected larger transactions and those that appeared out of the ordinary. We ensured that (1) supporting documentation included the proper approvals (for example, requisition forms signed by an authorized official, indication of approval to purchase goods or service); (2) purchase orders (if used), invoices, credit card statements, and receipts were available for all purchases of goods and services and were all in agreement; (3) the payee on canceled checks agreed with the other supporting documentation; and (4) checks were properly endorsed and cashed.

We also gained an understanding and assessed the adequacy of CMN's system of internal control applicable to CMN's compliance with applicable laws, regulations, and grant provisions. We identified five significant areas of internal control relevant to our audit objectives: (1) student eligibility, (2) student completion of education-related program of study, (3) student work at an appropriate post-program position or re-paid any assistance received to the Department, (4) performance reporting to the Office of Indian Education, and (5) use of grant funds. We interviewed CMN personnel and reviewed policies and procedures to gain an understanding of these control areas. We assessed these control areas during our review of supporting documentation and our tests of transactions. We did not identify any material internal control weaknesses.

In addition, we relied, in part, on computer-processed general ledger reports from CMN's accounting system. To assess the reliability of the reports, we reviewed them for completeness, relevance, and accuracy. We ensured that the universe of personnel and non-personnel expenditures generally agreed with all funds drawn down, the reports included only personnel and non-personnel costs for our audit period, and dates, amounts, and totals were supported by time and attendance certifications, invoices, receipts, canceled checks, and other support. Based on our testing, we concluded that the computer-processed data were sufficiently reliable for the purposes of our audit.

We conducted our audit from February through April 2009 at CMN's campus in Keshena, Wisconsin, and at our offices. We discussed the results of our audit with CMN officials on February 20, 2009.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

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.

No action on your part is required. However, if you would like to comment on this report, please send your comments to:

Cathie Carothers, Director
Office of Indian Education
U.S. Department of Education
400 Maryland Ave., SW
LBJ Bldg., Room 5C132
Washington, DC 20202-6335

We appreciate the cooperation and assistance extended by your staff during the audit. If you have any questions, please contact me at 312-730-1620.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General
for Audit

Acronyms/Abbreviations Used in This Report

CMN	College of Menominee Nation
ESEA	Elementary and Secondary Education Act of 1965, as amended
NCLB	No Child Left Behind Act of 2001
Department	U.S. Department of Education