

## ATTACHMENT A

### STATE PROGRAM REVIEW PROTOCOL

#### STATE FISCAL STABILIZATION FUND PROGRAM

**State:** South Carolina

**State Representative completing this form:** Karla McLawhorn Hawkins, Deputy General Counsel, South Carolina Department of Education (SCDE)

**The following agencies submitted responses to this form:** the SCDE, the South Carolina Technical College System (SCTCS), the South Carolina Commission on Higher Education (SCCHE), and the South Carolina Budget and Control Board (SCB&CB)

**All of South Carolina's attachments (Attachments 1 through 13) to the State Fiscal Stabilization Funds (SFSF) protocols are included with Attachment 1 of the Master Protocol Document and contain the name of the agency submitting such documentation.**

**Date of completion:** May 30, 2012

**STATE CONTACT:** *Please submit this form and all required documentation in PDF Format to both: SFSFMonitoring@ed.gov and SFSF@westat.com*

#### **I. Local educational agency (LEA) applications**

**CRITERIA:** Whether the State has established appropriate application procedures for awarding Education Stabilization funds to LEAs.

*Not Applicable. Addressed in first program review.*

#### **II. Allocations to LEAs**

**CRITERIA:** Whether the State has allocated Education Stabilization Funds to LEAs in accordance with statutory requirements.

##### *Guiding Questions*

1. Please describe any significant changes made to LEA allocations or the LEA allocation or distribution process since the first program review.

**SCDE:** There were no significant changes.

2. Please explain whether each LEA received the same share of Education Stabilization funds from the State total as the LEA would have received under the primary State funding formula(e) (i.e., whether the percentage of Education Stabilization funds

allocated to each LEA equals the percentage of State funds each LEA received under the State primary funding formula(e)). If not, please discuss the deviation from this model.

**SCDE:** The SCDE provided LEAs their proportionate share of Education Stabilization funds based on state reductions received under the primary state formulae.

*Evidence/Documentation*

See Attachment 1, "Master Protocol Document."

**III. Application and allocation procedures for public institutions of higher education (IHEs)**

**CRITERIA:** Whether the State has established appropriate procedures for allocating Education Stabilization funds to public IHEs.

*Guiding Questions*

1. Please describe any significant changes to the application or allocation procedures for public IHEs since the first program review.

**SCCHE:** There were no (significant) changes to the application or allocation procedures for public IHE's since the first program review.

**SCTCS:** There were no significant changes to the application or allocation procedures for SCTCS.

*Evidence/Documentation*

See Attachment 1, "Master Protocol Document."

**IV. Application and allocation procedures for Government Services funds**

**CRITERIA:** Whether the State has established appropriate procedures for allocating Government Services funds.

*Guiding Questions*

Not Applicable. Addressed in first program review.

**SCTCS:**

\*\*\*Although this was not applicable during SCTCS first review, it is applicable for this review; therefore, SCTCS has addressed the same questions noted in the first program review.\*\*\*

1. Did the State require an application for Government Services funds? If so, what information did the State require the entity to include in its application? (optional)

**SCTCS did not require the technical colleges to submit an application for funds.**

2. What guidance did you provide to recipients?

**The colleges received guidance via the Fiscal Year 2010–2011 College Appropriation, which detailed the amount and the source of funds. Additionally, the technical colleges received an e-mail that detailed the purpose of the funds, which was to upgrade the financial reporting system.**

3. What entities received Government Services funds?

**Central Carolina Technical Colleges - \$100,000.00  
Horry-Georgetown Technical Colleges - \$100,000.00  
Piedmont Technical Colleges - \$100,000.00  
Tri-County Technical Colleges - \$100,000.00  
SCTCS - \$427,242.00**

4. How did the State determine the projects and activities to support with Government Services funds?

**The funds were appropriated in FY 2010–2011 by the SC General Assembly. Please see SCTCS Attachment 7 for appropriation details.**

5. What specific projects or activities are the Government Services funds supporting?

**A total of \$400,000.00 was used to upgrade the financial reporting system (Banner). The remaining funds were used for education and general expenditures, and in such a way as to mitigate the need to raise tuition and fees for in-state students, or for modernization, renovation, or repair of institution of higher education facilities that are primarily used for instruction, research, or student housing, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.**

## **V. Fiscal Oversight of SFSF Funds**

**CRITERIA: Whether the State has established appropriate policies and procedures for ensuring fiscal oversight of SFSF funds.**

### *Guiding Questions*

1. Please describe any significant changes to the fiscal oversight of Education Stabilization or Government Services Funds since the first program review.

**SCB&CB:** There were no significant changes since the first review.

## **VI. Subrecipient Monitoring**

**CRITERIA:** Whether the State has established appropriate policies and procedures for monitoring subrecipients.

### *Guiding Questions*

1. What were the policies and procedures for monitoring subrecipients in the State's second round of monitoring? Did this process differ from the first round of subrecipient monitoring?

**SCDE:** The Office of Federal and State Accountability, along with other program offices within the SCDE, conducted on-site review of documentation for Education Stabilization funds for LEAs that were scheduled to be reviewed for their regular Title I program audit in school years 2009–10 and 2010–11. These reviews were performed on-site at the LEA office for both the first round and second round of subrecipient monitoring. For LEAs that were not scheduled to be reviewed on-site, requests were made to LEAs to forward pertinent documentation necessary to support both the 2009–10 and 2010–11 grant awards. These were conducted in the form of desk audits. The process of subrecipient monitoring was not changed in any manner from the first year of subrecipient monitoring to the second year. Documentation reviewed was grant awards for subrecipients, budget narratives, budget and expenditure reports from LEAs, payroll documentation, contracts, etc.

**SCCHE:** The monitoring process for the IHEs is detailed in SCCHE Attachment 12. There were no changes in the monitoring process during the state's second monitoring review.

**SCTCS:** The monitoring process did not differ from the first round of subrecipient monitoring. On a quarterly basis, the SCTCS' Internal Audit Staff was responsible for monitoring the technical colleges on the data elements reported in the Transparency Reporting System (TRS).

**SCB&CB:** (Government Services Funds (GS)) – GS funds were appropriated directly to state agencies per the annual Appropriation Acts. No significant policy or procedure changes were made to “subrecipient” monitoring for FY 2011. The state's Stimulus Oversight Task Force (Task Force) had already established the statewide guidelines and accounting mechanisms for proper tracking and monitoring of GS drawdowns, cash, and expenditures for statewide purposes. The U.S. Office of Inspector General completed its review of FY 2010, with only one finding. Their finding resulted in a minor disallowance of certain payroll related expenses reported by the S.C. Department of Corrections. The State Auditor's Office completed its annual audits of GS funds for both FY 2010 and FY 2011, with no findings (except the item noted by the Office of Inspector General in FY 2010).

2. If the State is using A133 audits to monitor subrecipients, how was the A133 guidance enhanced to assess the specific requirements of the SFSF program?

**SCDE:** The monitoring reviews for all subrecipients were conducted based on A-133 audit guidelines. A monitoring plan was prepared that addressed the requirements that were necessary in reviewing the Education Stabilization funds for both the 2009–10 and 2010–11 years.

**SCCHE:** The state uses the A-133 single audit as its primary monitoring tool. Findings related to the SFSF program are reported to the State Stimulus Task Force and the Office of the State Auditor. SCCHE will follow-up with the Task Force, Auditor’s Office, and respective IHE(s) to verify that any necessary corrective action has been taken.

**SCTCS:** N/A – Although the SFSF program was covered in the subrecipient’s A-133 audit, SCTCS did not rely solely on A-133 audit. SCTCS conduct reviews on a quarterly basis.

**SCB&CB:** (GS) – Existing State SFSF compliance and reporting guidelines, including 1512 report templates, were sent to each state agency at the start of state FY 2011 and those guidelines were discussed with agency contacts. Central state American Recovery and Reinvestment Act (ARRA) administration staff met with each individual agency later in the year to review and discuss their qualifying expenses to ensure federal compliance and reporting requirements were being met. ARRA administration staff worked closely with state agency contacts through to their final drawdown of GS funds.

3. Please provide a brief description of how the subrecipient monitoring schedule for Years 1 and 2 was developed, and the progress to date the State has made on conducting and completing monitoring reviews of the SFSF funds.

**SCDE:** The state developed a monitoring plan for LEAs for Education Stabilization funds that involved five steps of monitoring the funding. For the 2009–10 and 2010–11 years of Education Stabilization funding, program and financial reviews of these funds were conducted by the SCDE Office of Federal and State Accountability when doing its routine federal program reviews for LEAs that were scheduled to be reviewed in 2009–10 and 2010–11. All other LEAs were reviewed based on the same monitoring plan via desk audit monitoring. The SCDE Office of Federal and State Accountability, assistance from other program offices, adhered to this monitoring plan and had a “LEA on-site review form” that was used when reviewing documentation from districts for both rounds of Education Stabilization funding.

**SCCHE:** IHEs are required to undergo an A-133 single audit annually. The IHEs are solely responsible for scheduling their respective audit. SCCHE reviews the audits as they became available (see SCCHE Attachment 9). All IHEs completed the second monitoring review of their SFSF programs without incident.

**SCTCS:** The monitoring requirements were outlined at the initial start of the grant. The technical colleges are required to have an audit each year by an independent auditor that is approved by the State Auditor's Office. Additionally, the SCTCS' Internal Audit Staff was responsible for reviewing and ensuring the accuracy of the technical colleges' data on a quarterly basis. The reviews of the SFSF funds for SCTCS are complete for Years 1 and 2. There were no major findings.

**SCB&CB: (GS)** - For Year 1, the subrecipient monitoring schedule was developed around those agencies receiving the bulk of GS appropriations for state FY 2010. For Year 2, central ARRA administrative staff met with each agency receiving GS appropriations for state FY 2011. All reviews have been completed.

4. What, if any, cross-cutting issues did the State identify as being problematic in the course of its subrecipient monitoring of the SFSF funds? What types of corrective actions were required, if any?

**SCDE:** No cross-cutting issues identified or noted. No corrective actions required.

**SCCHE:** There were no problematic issues with the monitoring reviews of the IHE's SFSF funds. No corrective action was required.

**SCTCS:** N/A

**SCB&CB: (GS)** - No cross-cutting issues were noted. No corrective actions were needed.

#### *Evidence/Documentation*

See Attachment 1, "Master Protocol Document."

## **VII. Maintenance of Effort and Restoration Calculations**

**CRITERIA:** Whether the State has met the ARRA maintenance-of-effort (MOE) requirements or, where applicable, the criterion for an MOE waiver.

#### *Guiding Questions*

1. For any fiscal year for which the Department has not verified the State's MOE data, are there any changes to the State's reported levels of State support for elementary and secondary education or public institutions of higher education? Please provide the revised data and a description of any change and the reason for the revisions to the data.

**SCB&CB:** There are no changes from the final data submitted in February 2012.

2. Were there any changes across fiscal years in the funding sources used to calculate the State's MOE data? If so, please explain.

**SCB&CB:** There were no changes across fiscal years in the funding sources used to calculate the State's MOE data.

3. When does a State consider a given fiscal year's MOEs data to be "final" or unlikely to change to such an extent that it would affect the State's ability to meet the MOE waiver criterion, if appropriate?

**SCB&CB:** The MOE data for any fiscal year is considered final following the closing of the books for that year by the Comptroller General and the issuance of the State of South Carolina's Comprehensive Annual Financial Report (CAFR). The MOE data is final for all the fiscal years used in the SFSF funding.

*Evidence/Documentation*

See Attachment 1, "Master Protocol Document."

## **VIII. Progress in Four Education Reform Areas**

**CRITERIA:** Whether the State is making progress in: (a) achieving equity in the distribution of qualified teachers; (b) improving collection and use of data; (c) enhancing the quality of its standards and assessments; and (d) supporting struggling schools.

*Not Applicable. Information collected via other means.*

## **IX. Reporting**

**CRITERIA:** Whether the State has established appropriate policies and procedures to comply with all reporting requirements.

*Guiding Questions*

1. Please describe any significant changes to the reporting policies and procedures since the first program review.

**SCDE:** There were no significant changes.

**SCCHE:** There were no changes in reporting policies and/or procedures since the first program review.

**SCTCS:** Since the first program review, there was one change to the reporting requirements. Effective April 2010, SCTCS was no longer required to report the number of vendor payments if the payment was less than \$25,000.

**SCB&CB:** For GS funds, we met with representatives of each State agency receiving ARRA-SFSF appropriations to discuss the State's procedures for tracking and reporting these funds in accordance with ARRA Federal reporting guidelines.

For Education Service funds, the monitoring policies and procedures regarding the State's IHEs were changed to include that those agencies submit copies of their accounting records to support the 1512 reporting information submitted to the State's central reporting administrators.