

2015

Prepared by the
Division of
Legislative Audit

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

A Summary of 2014 Audit Recommendations



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State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2013:

Department of Education and Early Development

Audit Control Number 02-40014-14

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**State of Alaska
Statewide Single Audit
For the
Fiscal Year Ended
June 30, 2013**

Department of Education and Early Development

Audit Control Number
02-40014-14

There are two primary objectives for the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2013 (Statewide Single Audit). The first is to determine if the State of Alaska's financial statements are fairly presented in accordance with generally accepted accounting principles. The second is to determine if the State has materially complied with the various federal laws, regulations, and contract provisions when expending federal financial assistance.

The Department of Education and Early Development (department) had two recommendations in the FY 13 Statewide Single Audit.

FY 13 Statewide Single Audit
(Continued)

- **Recommendation A:** The Division of Teaching and Learning support (TLS) director should develop and implement procedures to ensure that subaward reports comply with the *Federal Funding Accountability and Transparency Act (FFATA)* reporting requirements.

Per federal regulation 2 CFR 170, federal award recipients are required to report each subaward that obligates \$25,000 or more in federal funds. This information must be reported no later than the end of the month following the month in which the obligation was made.

In FY 13, DEED staff did not file 47 FFATA reports for four federal programs: Child and Adult Care Food (CACF) program, Child Nutrition Cluster (CNC) program, Special Education Cluster (SPED) program, and Improving Teacher Quality (ITQ) program. Specifically, DEED did not file 18 of 19 reports (795 of 824 subawards) for the CACF and CNC programs, all 16 reports (comprised of 122 subawards) for the SPED Cluster, and all 13 reports (62 subawards) for the ITQ program. Additionally, one report for the CACFP and CNC programs and two required reports for the Emergency Food Assistance Program were submitted late.

- ✓ **Agency Response:** Agreed.

The department agreed with this recommendation. According to department management, steps have been taken to develop and implement procedures to ensure compliance.

❖ **Current Status**

FY 13 Statewide Single Audit
(Continued)

- **Recommendation B:** TLS' director should develop and implement procedures to ensure compliance with federal suspension and debarment requirements.

DEED staff did not verify that 16 of 17 subgrantees of the Food Distribution Cluster program were not suspended or debarred prior to issuing subawards. DEED personnel collect certifications from subgrantees when entering into formula grant agreements; however, staff was not aware that the suspension and debarment requirement is also applicable to nonmonetary grants such as commodities.

Per 2 CFR 180.300, participants in covered transactions must verify that the entity with whom they intend to do business is not suspended or debarred. This may be accomplished by (1) checking the Excluded Parties List System, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with the entity.

By not performing verification procedures, DEED increases its risk of awarding grants to entities that have been suspended or debarred. We recommend TLS' director develop and implement procedures to comply with federal suspension and debarment requirements.

- ✓ **Agency Response:** Agreed.

According to DEED management, staff have developed and implemented procedures to ensure compliance with federal suspension and debarment requirements by requiring subgrantees to sign and certify compliance prior to release of awards.

❖ **Current Status**
