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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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CIVIL DIVISION

MAR 5 1971

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Dear Mr. Marland:

The General Accounting Office is reviewing the manner in which the Office of Education is administering the Teacher Corps program, authorized by title V, part B, of the Higher Education Act of 1965, as amended (20 U.S.C. 1101). Our review is being made at programs conducted by the University of Miami; Western Carolina University; Buffalo State University College; New York University and the Bank Street College of Education; Northern Arizona University; the University of Southern California; and participating elementary and secondary schools.

Under the program, the Office of Education provides funds to grantees -- usually institutions of higher education and local educational agencies (LEAs) -- to operate locally conceived programs which have been approved by the applicable State educational agency. The Teacher Corps program operates on a cycle basis. Generally a cycle consists of preservice training -- a period of not more than 3 months during which the corpsmembers' suitability for training is determined -- and 2 academic years with an intervening summer; however, certain programs operate for a shorter period of time.

Grantees are required to submit final financial reports to Teacher Corps Headquarters in Washington, D.C. within 60 days after completion of each budget period for which Federal funds were made available. There are separate budget periods for each phase of a Teacher Corps cycle. On the basis of these financial reports, Teacher Corps Headquarters can determine the amount of unexpended funds, if any, that are required to be returned to the Government.

In our review, which is still in process, we noted that certain Teacher Corps grantees were retaining Federal grant funds after the completion of the periods for which the funds were made available, instead of returning these funds as required by the governing guidelines. This and other related matters are being brought to your attention at this time to enable appropriate corrective action to be taken.

NEED TO RECOVER FUNDS OUTSTANDING  
AFTER COMPLETION OF THE GRANT PERIODS

We found that 22 grantees participating in Teacher Corps programs included in our review were holding a total of about \$340,000 of Federal funds for up to three years after the periods for which the funds were made available.

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At one of the program sites we visited -- Board of Education of the City of New York -- an LEA official informed Teacher Corps by letter dated February 18, 1969, that the LEA had about \$33,000 of unexpended funds and requested instructions as to their disposition. At the time of our audit, over 18 months later, the LEA was still retaining the funds. An LEA official told us that the LEA had not been instructed by Teacher Corps officials to return the funds.

Another LEA -- Board of Education, City of Buffalo -- wrote Teacher Corps and asked for advice concerning disposition of about \$28,000 of unexpended funds. An LEA official informed us that Teacher Corps gave them an option of either submitting all financial data and a check for the amount outstanding or holding the cash balance until such time as Teacher Corps Headquarters transferred the funds to a current grant or requested a refund. The LEA chose the latter option. At the time of our audit, four months later, the LEA was still retaining the funds.

As a supplement to the information obtained from our individual program reviews, we randomly selected 60 of 415 grants made to LEAs for which final financial reports had been received by Teacher Corps Headquarters. From our review of financial reports and related data, we identified an additional \$88,000 of outstanding unexpended funds.

We were informed by a Teacher Corps official that Teacher Corps realized that grantees had outstanding cash balances and that they were attempting to collect them. The official stated, however, that Teacher Corps did not have sufficient staff to obtain and review all financial reports and to request the return of unexpended funds. Since grantees are retaining a significant amount of unused funds, we believe that the Office of Education should take action to expedite the review of all grantee final financial reports so as to identify all instances when Federal funds are being retained subsequent to completion of grant periods and to effect the recovery of such funds.

#### Recommendation

We recommend that the Commissioner of Education (1) provide for the early identification of Teacher Corps grantees that are holding unused Federal funds which should be recovered by the Government and (2) take any action deemed necessary to expedite the recovery of such funds.

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NEED TO IMPROVE TEACHER CORPS  
PROCEDURES GOVERNING THE  
PREPARATION OF GRANTEE BUDGET  
REQUESTS

In our opinion, a factor contributing to the accumulation of excess funds by grantees was the Teacher Corps' practice of furnishing grantees with specified amounts to use in their budget requests for certain expense items without instructing grantees to consider available information indicating that lesser amounts would suffice.

For example, for the preservice budget period, grantees have been instructed to budget \$100 a corpsmember for travel from the corpsmember's residence to the preservice training site. At one of the sites we visited, the grantee budgeted \$100 an intern, or \$3,300 for travel of interns, but only spent \$1,370. During the previous preservice period, \$3,300 was budgeted but only \$385 was spent. We believe that provision for considering the amount previously spent for preservice travel may have resulted in a more realistic estimate for preservice travel in the follow-on grant.

Also, Teacher Corps guidelines have instructed LEAs to budget \$15 a week for each intern as a dependency allowance. At one program included in our review, two LEAs followed the guidelines and budgeted \$15 a week for each intern assigned to them during the first year of inservice training. At the end of the school year, the amounts budgeted by the two LEAs exceeded the amounts expended for dependency allowances by \$5,460 and \$5,580 respectively. In our opinion, a more accurate estimate of dependency payments could have been obtained by instructing the LEAs to inquire into the interns' dependency status during the preceding preservice training period.

At another program, the grantees followed the Teacher Corps guidelines and budgeted \$100 an intern for travel to the preservice training site, and \$100 an intern to pay for moving expenses from each intern's place of residence to his assigned LEA after completion of preservice training. A total of \$7,400 was budgeted for these cost items during fiscal year 1969 but only \$315 was spent. At the time the grantees negotiated their budgets with Teacher Corps Headquarters, the interns for the program had already been selected. Since the interns' addresses were included in their applications, we believe that the grantees had sufficient information available to establish more realistic estimates for travel and moving costs.

A Teacher Corps official informed us that when Teacher Corps negotiates budgets with grantees, it considers cost data provided in expenditure reports submitted by the grantees for previous budget periods during the program cycle. However, the official stated that there are no written guidelines requiring the grantees to consider past cost experience when preparing their budgets. Since all information available to grantees would not be included in an expenditure report, we believe that instructions providing for grantee consideration of available information and cost data should be incorporated into the Teacher Corps guidelines. Consideration by grantees of such data

prior to the submission of a budget would, in our opinion, result in more realistic budget estimates and tend to reduce the amount of excess funds on hand at grantee locations at the close of a budget period.

### Recommendation

We recommend that the Teacher Corps guidelines be revised to provide for the consideration by grantees of all available cost and other information, including past experience, when preparing budgets in support of their requests for Federal funding.

### FINAL FINANCIAL REPORTS WERE NOT SUBMITTED IN A TIMELY MANNER

Many grantees did not adhere to Teacher Corps guidelines which provide that grantees submit a final financial report within 60 days after the completion of a budget period. Some reports were outstanding for over 20 months past the due date. Additionally, about 31 percent of the final financial reports which should have been submitted to Teacher Corps by grantees had not been received. As a result, Teacher Corps is unable to determine how much money was expended by these grantees, whether expenditures were in line with the budget estimates, and whether any unexpended funds remained on hand.

From 1966 through mid-December 1970, approximately 1,100 final financial reports should have been submitted to Teacher Corps for the first through the fourth cycles of the program. Only about 760 were received; therefore, final financial reports for 340 budget periods were overdue.

We randomly selected 60 reports that had been received from LEAs to determine how many had been submitted in accordance with the time limitation contained in the guidelines. The results of our sample follow:

	<u>Number</u>
Reports eliminated because they were not dated	11
Reports submitted "on time" in accordance with Teacher Corps guidelines	9
Reports which were overdue when submitted:	
2 months or less	17
3 to 4 months	7
5 to 10 months	3
11 to 20 months	5
Over 20 months	<u>8</u>
Total overdue	<u>40</u>
Total examined	<u><u>60</u></u>

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A Teacher Corps official told us that Teacher Corps did not have sufficient staff to review records and to request submission of financial reports. The official stated that in an effort to ensure timely submission of financial reports, Teacher Corps will no longer send additional funds to a grantee if the grantee has not submitted a final financial report for a previous budget period.

While this procedure, if adhered to, may help somewhat to increase compliance with the requirements for submission of financial reports, we believe that it could also result in hindering the accomplishment of program objectives by depriving worthy projects of required funds. In our opinion, a more constructive approach would be for Teacher Corps to inquire into the reasons why grantees have not rendered the required financial reports in a timely manner and take positive steps to assist them in overcoming their difficulties.

#### Recommendation

Accordingly, we recommend that the Commissioner of Education provide for effective liaison between Teacher Corps and grantees for the purpose of identifying and overcoming problems which hinder the timely submission by grantees of the financial reports which pertain to their programs.

#### MISCELLANEOUS

During our review of the Teacher Corps programs being operated at the University of Southern California we noted several instances where the Teacher Corps guidelines were not followed. Certain of these matters are discussed below.

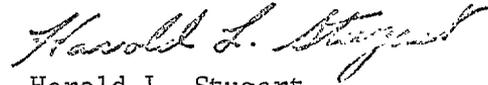
1. The University and certain participating LEAs acquired five automobiles with \$12,000 of Federal funds -- three were purchased, one was leased, and one was leased with an option to purchase. The anticipated cost of these automobiles was not included in the budgets for the applicable budget periods and prior approval was not obtained from Teacher Corps. The guidelines prohibit purchase of equipment without approval from Washington and a Teacher Corps official informed us that grantees must obtain approval prior to entering into any lease arrangement. With respect to leasing of equipment, the guidelines do not clearly state that universities must obtain prior approval from Teacher Corps Washington. We suggest that the guidelines be strengthened to clarify this matter.
2. Three principals who participated in the program received a total of about \$13,000 in salaries from grant funds for Teacher Corps related duties. Teacher Corps guidelines expressly prohibit such payments to principals.

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We would appreciate receiving your comments on the matters discussed in this report and your advice as to any actions taken on our recommendations. Copies of this report are being sent to the Assistant Secretary, Comptroller, Department of Health, Education, and Welfare, for his information.

Sincerely yours,



Harold L. Stugart  
Assistant Director

The Honorable Sidney P. Marland, Jr.  
U.S. Commissioner of Education  
Department of Health, Education,  
and Welfare

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