
Audit of Independence Community College's Administration of its Federal TRIO Projects

FINAL AUDIT REPORT



ED-OIG/A07-A0006
October 2001

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

OCT 15 2001

ED-OIG/A07-A0006

Dr. Judith M. L. Hansen
President
Independence Community College
College Ave. & Brookside Dr.
Independence Kansas 67301

Dear Dr. Hansen:

Enclosed is our final report entitled *Audit of Independence Community College's Administration of its Federal TRIO Projects*. The report incorporates the comments you provided in response to the draft audit report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit:

Maureen McLaughlin
Office of Postsecondary Education
U.S. Department of Education
8046 K Street, Mail Stop 8502
Washington, DC 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

Thomas A. Carter
Assistant Inspector General for Audit

Attachment

Audit of Independence Community College’s Administration of its Federal TRIO Projects

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Audit of Independence Community College's Administration of its Federal TRIO Projects

Executive Summary

We found that Independence Community College (ICC) did not always administer its Federal TRIO projects in accordance with Federal regulations. Specifically, ICC failed to assure that it:

- ? Could support that services were rendered to the number of participants it was funded to serve by its Upward Bound and Student Support Services projects;
- ? Filled, or filled timely, key positions in the administration of its TRIO projects in accordance with Federal regulations;
- ? Obtained U.S. Department of Education (Department) approval before making changes in project scope, objectives, and key personnel;
- ? Adhered to management controls in the areas of accounting for expenditures within the proper funding period, reconciling budgets to actual expenditures, documenting student citizenship, and inventory controls; and
- ? Drew down only the amount of grant funds to meet immediate cash needs.

Based on our findings in these areas, we issued State and Local Action Memorandum No. 00-06 on September 29, 2000. We recommended that the Assistant Secretary for Postsecondary Education suspend authorization for ICC to draw down funds from its TRIO grants until the Department verifies, by on-site review, that these projects are viable. On April 19, 2001, the Director of the Office of Federal TRIO Programs informed ICC that its TRIO projects had been classified as "High Risk" projects. Further, the Director informed ICC that it must meet certain conditions and requirements until TRIO officials could conduct the on-site review. In this report we discuss our findings in greater detail and offer additional recommendations.

ICC was not able to provide adequate documentation of the services it administered to the number of participants it was funded to serve in its Upward Bound and Student Support Services projects during the 1999-2000 budget year. Further, ICC provided only a minimal level of

services to the students who participated in these projects. We recommend that the Assistant Secretary for Postsecondary Education reduce the amount awarded to ICC for its 1999-2000 Upward Bound and Student Support Services projects by \$84,190. This amount is proportionate to the number of participants for whom the College was funded but could not document having provided required services. ICC should also be required to refund \$105,217 of excess cash for years prior to year 1999. This amount was received from its awards in excess of the amounts it could support by documentation.

To ensure that ICC complies with Federal regulations and to improve the administration of its current and future TRIO projects, we recommend that the Assistant Secretary for Postsecondary Education require ICC to:

1. Develop and follow specific written policies and procedures for the administration of its TRIO projects, including policies and procedures to ensure that:
 - ? An individual's participation in a project during the summer and academic year are properly documented.
 - ? Reports to the Department are supported by documentation maintained by ICC.
 - ? Only those students who participate for at least the minimum time required by Federal regulations are counted as participants.

2. Obtain approval from the Department before undertaking any of the following actions with regard to its TRIO projects:
 - ? Extending the project period of a grant beyond the project period end date specified in the most recent revision of the Grant Award Notification.
 - ? Carrying forward grant funds that the grantee has not obligated in a budget period.
 - ? Making cumulative transfers among direct-cost budget categories that exceed 10 percent of the approved budget for an award period.

3. Improve its management controls to ensure that its TRIO personnel:
 - ? Reconcile actual expenditures and revenues to the project budgets on a monthly basis.
 - ? Properly document all eligibility elements to ensure that students participating in the TRIO projects meet all Federal requirements.
 - ? Establish and implement policies and procedures for safeguarding equipment purchased with Federal funds.

- ? Establish and implement policies and procedures for selling equipment that provide for competition to the extent practicable and result in the highest return.

4. Refund \$15,215 for unallowable grant writing costs.

In addition, we recommend that the Assistant Secretary for Postsecondary Education monitor ICC's adherence to the requirement that it obtain Department approval before making changes to the scope, objectives, or key personnel of its TRIO projects.

ICC generally disagreed with our findings and recommendations. We have summarized ICC's comments and our response at the end of the respective finding to which each relate and provided the full text of ICC's response as an Attachment to this report. We have not made changes to our report as a result of ICC's response.

Audit Results

We found that ICC did not always administer its Federal TRIO projects in accordance with Federal regulations found in Title 34, Code of Federal Regulations (CFR).¹ ICC failed to assure that it: (1) could support that services were rendered to the number of participants it was funded to serve through its Upward Bound and Student Support Services grants; (2) filled, or filled timely, key positions in the administration of its TRIO projects in accordance with Federal regulations; (3) obtained Department approval before making changes in project scope, objectives, and key personnel; (4) adhered to Federal cash management controls; and (5) adhered to management controls in the areas of accounting for expenditures, reconciling budgets to actual expenditures, documenting student citizenship, and inventory controls.

Finding No. 1 – ICC Could Not Support Services To TRIO Participants

Our analysis of a randomly selected sample of student files indicated that ICC did not document that it had served the number of participants for which the projects had been funded for the 1999-2000 budget year. We recommend that the Assistant Secretary for Postsecondary Education reduce the amount awarded to ICC for its 1999-2000 Upward Bound and Student Support Services projects by \$84,190. This amount is proportionate to the numbers of participants for whom the College was funded but could not document having provided required services for budget year 1999-2000.

TRIO Regulations

Student Eligibility: Title 34 CFR §§645.3 (Upward Bound) and 646.3 (Student Support Services) state that for an individual to be eligible to participate in a project, he or she must meet citizenship or residency requirements. For Upward Bound projects, the individual must also: (1) be a potential first-generation college student or a low-income individual; (2) have a need for academic support in order to pursue successfully a program of education beyond high school;

¹The regulations applicable to these programs are 34 CFR Part 645 - Upward Bound; and 34 CFR Part 646 - Student Support Services.

and (3) at the time of initial selection, have completed the eighth grade but not entered the twelfth grade and be at least 13 years old but not older than 19.

Number of Students to be Served: According to program regulations, 34 CFR §645.43, an Upward Bound project shall serve between 50 and 150 participants. ICC was funded to serve 60 students in 1999-2000, but it was granted a waiver for that budget period to serve 50 students. The Student Support Services project was approved and funded to serve 180 students annually.

Participation Requirements: The Upward Bound program defines a participant as an individual who is determined to be eligible (34 CFR §645.6). In addition, the individual must be "... determined by the project director to be committed to the project, as evidenced by being allowed to continue in the project for at least—(i) Ten days in a summer component if the individual first enrolled in an Upward Bound project's summer component; or (ii) Sixty days if the individual first enrolled in an Upward Bound project's academic year component." The Student Support Services program defines a participant as an individual who receives project services that the grantee has determined to be sufficient to increase the individual's chances for success in a postsecondary educational program (34 CFR §646.7). According to TRIO program officials, this Student Support Services requirement means that to be counted as a participant a student must receive service at least twice in an award year.

Documentation Requirements: Program regulations require that student participation be documented. A grantee institution must maintain records on each student participant that includes, among other things, documentation of the services provided to the student (34 CFR §§646.32(b) and 645.43(c)). Documents that support such services include attendance records, counseling notes, field trip records, participant progress reports, and client contact forms.

Results of Sample Reviews

Student Support Services Program: For budget year 1999-2000, we randomly selected 75 of 180 students from a participant list for that year that was provided to us by ICC officials. Our analysis of the files for these students indicated that many files did not contain documentation to support participation in the project. Specifically, only 36 of the 75 student files we sampled contained documentation of services received sufficient to meet the definition of a participant (i.e., receiving service at least twice during the award period). Based on the sample results, we estimate that ICC only had documentation supporting the participation of 86 students in the project. Thus, ICC's records do not support the number of participants that it was required to serve per its approved grant (180).

Upward Bound Program: For budget year 1999-2000, we selected all 35 students on the 1999-2000 participant lists that were provided to us by ICC officials. Twenty-nine of the 35 student files reviewed contained documentation of participation in the academic year sufficient to meet the definition of a participant. Four student files reviewed contained documentation of participation in the summer program sufficient to meet the definition of a participant. Therefore, we found that ICC had documentation supporting the participation of 33 students in the project. ICC was funded to serve 60 participants. However the Department granted a wavier for the 1999-2000 award year reducing that number to 50, which is the minimum number that Federal regulations require to be served.

We also found that ICC provided only a minimal level of service to the students who participated in its Upward Bound project. The approved plan for the Upward Bound project stated that student progress is monitored 10 times throughout the academic year and summer components (four times each semester and twice in the summer component). In addition, the approved plan states that tutoring is offered twice a week for a possible total of four hours to all project participants, and that each student is required to receive a minimum of one hour of tutoring each week. However, ICC officials could only document that three students received tutoring during the 1999-2000 academic year. Aside from this tutoring and a field trip for three senior-class participants, the only documented service to Upward Bound participants during that period was one seminar or field trip per month. We believe that changes ICC made in assigning personnel to key positions in the project, which are discussed under Finding 3, may have contributed to its inability to provide the level of service that was approved by the Department.

Since ICC provided only a minimal level of service to significantly fewer participants than it was funded to serve and because of problems identified under the other findings of this report, we asked the Assistant Secretary for Postsecondary Education to suspend authorization for ICC to draw down funds from its TRIO grants until the Department verifies, by on-site review, that these projects are viable. (See the September 29, 2000, Action Memorandum attached to this report as Appendix A.) The Department addressed the findings and recommendations in our Action Memorandum in a letter to ICC dated April 19, 2001 (see Appendix B). This letter notified ICC that it would be placed on a monthly cash reimbursement plan for all TRIO project expenditures and that the Department would conduct an on-site review of the projects, after which it would consult with ICC about the conditions under which the projects may continue.

Based on our findings as detailed in this report, we concluded that the Department should take several actions in addition to those identified in our Action Memorandum. For example, we recommend that the Department reduce the amount awarded to ICC for its 1999-2000 Upward Bound and Student Support Services projects by \$84,190, an amount that is proportionate to the

number of participants that ICC was funded to serve but could not document as having provided required services. See Exhibit 2 for an explanation of how we derived this figure by taking into account the amount of Upward Bound and Student Support Services funds not yet drawn down by ICC.

Initial Response Provided by Independence Community College on Our Student File Reviews

During the course of our work at ICC, we provided preliminary results of our student file reviews to ICC. ICC officials responded on July 24, 2000, by providing us with information indicating their position as to each student's eligibility and receipt of services (Appendix C). ICC's July 24, 2000, response did not substantiate its position regarding the number of project participants in the 1999-2000 budget year covered by our review. According to the response, ICC officials counted some students as participants in the 1999-2000 Student Support Services project who were identified in the response as only receiving services outside the period we reviewed. Further, ICC officials, in their July 24, 2000, response, provided no documentation to support their claims of project participation.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education:

1.1 Require ICC to refund \$84,190, which represents the total of:

- ? \$76,161 for the Student Support Services budget year 1999-2000, the amount that is proportionate to the number of participants for whom the College was funded to serve but could not document having provided services, minus the amount not yet drawn down for this year; and
- ? \$8,029 for the Upward Bound budget year 1999-2000, the amount that is proportionate to the number of participants for whom the College was funded to serve but could not document having provided services, minus the amount not yet drawn down for this year.

1.2 Require ICC to develop and follow specific written policies and procedures for the TRIO projects' administration, including policies and procedures to ensure that:

- ? An individual's participation in a project during the summer and academic year are properly documented;
- ? Reports to the Department are supported by documentation maintained by ICC; and
- ? Only those students who continue their participation for the minimum time required by Federal regulations are counted as participants.

ICC Response and Auditor Comments

ICC did not concur. Its July 31, 2001, response to the draft audit report states that yearly project summaries for both the Student Support Services and Upward Bound grants were submitted to the federal government since the projects were first funded. The ICC response further stated that at no time since the 1996-97 funding has there been any response by the federal government that these programs were not operating at the levels they were intended in regard to the number of students, documentation of students, or services provided to students.

Regardless of responses by Department officials or the lack thereof, the grantee is responsible for ensuring that it administers federal programs in accordance with applicable laws, regulations, and directives issued by the Department. We question whether Department officials would be able to determine from reports whether the grantee is maintaining required documentation supporting the information it is providing. We found in our on-site review of grantee records that ICC failed to administer its Upward Bound and Student Support Services projects in accordance with federal requirements.

ICC's response also states that it maintains for each student "currently in the Upward Bound Program" a checklist indicating the required information the school has obtained. We found that these checklists did not cover all required information (*e.g.*, identification of the time period for which the information was relevant and student citizenship information) and they were not signed, which, if done, would have provided some evidence of the reliability of the information.

ICC's response states that the draft report is inaccurate in its portrayal of Upward Bound students served but provided no explanation or documentation to support the statement. It concurs with our finding that the number of students it served was lower than anticipated and the level of service was "not at the level specified." It refers to attached summary reports that explain that

the reduction in the scope of its Upward Bound project was due to difficulties in hiring tutors and that the students who did participate in the project benefited from their participation.

ICC claims that the sample we pulled from the Student Support Services student files included student files that spanned services in more than one year and skewed our projections on the total population. During our audit, ICC officials provided for our review a list of students whom they counted as Student Support Services participants in budget year 1999-2000. We pulled a sample from the list to determine what proportion of the students listed should have been counted as participants in that year. This list included students who received services in more than one year, and in such cases we counted them as participants in 1999-2000 if they received project services in that year. Some of the students listed, however, only received services outside of the 1999-2000 budget year and we did not count such students as participants in that year. Our methodology did not result in skewed projections since there was nothing in our sample selection that would have given a student who did not participate in the project in 1999-2000 a greater or lesser chance of being selected for the sample. The projection was correct to the population list provided by ICC. The issue remains that ICC incorrectly claimed for its Student Support Services project participant counts for the specified year (1999-2000) by including students whom the projects had not served in that year.

Finding No. 2 – ICC Did Not Follow Federal Cash Management Requirements

According to Education Department General Administrative Regulations (EDGAR), 34 CFR §§ 75.730(b) and 74.22(b)(2), grantees must keep records that fully show how they use grant funds and must limit their drawdowns from grants to amounts needed for “actual, immediate cash requirements.” Grantees are reminded of the latter requirement every time they request payment under a grant in that they must certify that funds will be expended within three business days of receipt of payment.

ICC Could Not Support its TRIO Drawdowns

We found that ICC did not maintain expenditure documentation to support the amounts drawn down prior to January 2000, for its Student Support Services and Upward Bound grants. Grantees are responsible for maintaining accurate records of funds and the overall fiscal management of their federally funded projects. According to both the Department of Education and ICC financial records, prior to budget period 1999-2000, the full authorized amounts for both the Upward Bound and Student Support Services were received by the institution. In reviewing ICC records we identified \$105,217 as excess cash (cash on hand that was in excess of immediate cash needs) as of October 6, 2000. We also noted that the Finance Officer typically drew down funds twice a year, December and June, which created excess cash in that the funds were not drawn down on an “as needed basis” or based on expenditure data. This practice is not consistent with the Federal requirement cited above, that the grantee must disperse all Federal monies drawn within three business days.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education:

2. Require ICC to refund \$105,217 found in excess of what its expenditure documentation supported.

ICC Response and Auditor Comments

ICC did not concur. The ICC response states that the draft report suggests that significant differences between deposits (drawdown of Federal grant funds) and expenditures exist and that

the conclusions drawn in the report did not coincide with the purpose of the examination of bank records. The response goes on to state that subsequent requests for bank records have shown no indication of receipted revenues suggested in the draft report. The only documentation ICC submitted to support its position was an internal memorandum from its accounts receivable clerk, dated July 31, 2001, stating that, upon her examination of ICC records, she found nothing to indicate that excess funds were held at the college.

We do not agree with the ICC response. We informed the President of the College and the Director of the TRIO programs of our concerns throughout the course of the audit. We held an exit conference with ICC officials on October 17, 2000, to discuss our findings related to the ICC TRIO grants. We provided these officials with our findings in writing at that conference and informed them of their opportunity to respond. ICC officials did not provide any comments on this finding at that time.

The college did not provide any documentation to substantiate its assertion that excess cash does not exist. As discussed in this finding, ICC had a material amount of excess cash (\$105,217) related to its TRIO programs on October 6, 2000. The excess cash is the result of ICC's having drawn more cash (\$2,245,522) than it had expended (\$2,140,305) for the budget periods 1993/1994 through 1999/2000 for Student Support Services, and 1995/1996 through 1999/2000 for Upward Bound.

Finding No. 3 - Changes in Project Scope Were Not Approved by the Department

Contrary to Federal regulations, ICC did not always obtain Department approval before making changes to the scope, objectives, or key personnel of its TRIO projects. Although regulatory changes reduced the administrative burden for grantees and provided more flexibility in planning and implementing project activities, grantees are still required to obtain Department approval prior to making changes in project scope, objectives, or key personnel (34 CFR §74.25). Changes to key personnel may have been a contributing factor in ICC's inability to serve the number of students approved by the Department.

Expanded Authority Regulations

On July 28, 1997, the Department amended Part 75 of EDGAR to provide "Expanded Authorities" to discretionary grant recipients. This amendment reduced regulatory and administrative burden and allowed grantees more flexibility in planning and implementing project activities. The new provisions permit grantees to do the following without seeking prior Department approval:

- ? Extend a grant at the end of its project period for a period of up to one year.
- ? Carry funds over from one budget period to the next.
- ? Obligate funds up to 90 days before the effective date of the grant award.
- ? Transfer funds between direct-cost line items.

Nonetheless, grantees still must request prior approval for a number of program and budget related changes. The regulations in 34 CFR §74.25 clarify that recipients must obtain prior approval from the Department for the following:

- ? Change in the scope or the objectives of a project (even if there is no associated budget revision requiring prior written approval).
- ? Change in key personnel specified in the application or award document.
- ? Absence by the approved project director or principal investigator for more than three months or a 25 percent reduction in time devoted to a project.

Further, 34 CFR §§645.43 (b)(1) and 646.32 (c)(1) state, "A grantee shall employ a full-time project director unless... [the] Secretary waives the requirement... ."

Key Personnel Changes Not Approved by the Department

ICC's grant proposals, as approved by the Department, outlined key personnel positions for implementation and oversight of its TRIO projects. However, the College initiated a restructuring of these positions in budget year 1998-99 and, in all but one case, hired different individuals to fill key positions during the following year. ICC submitted a request for the restructuring to the Department's TRIO officials, but implemented the new structure and hired the new personnel without the Departmental approval required by 34 CFR §74.25. Department officials did not approve these changes, which included a change in the director positions for the two projects.

Under the original structure, approved by Department officials, each project had a full time director, as required under program regulations found in 34 CFR §§645.43(b)(1) and 646.32(c)(1). Under the revised plan, a single director, at 60-percent-time, was given responsibility for both the Upward Bound and Student Support Services projects. This new, part-time TRIO director, who lived more than 140 miles from the College, was hired on October 1, 1999. Furthermore, the new part-time director informed us that she was not at the school on a day-to-day basis. She formally resigned her position effective July 31, 2000.

Other changes were made in the personnel of both projects that may have affected their performance. In Upward Bound, for example,

- ? The Secretary position, which was budgeted and approved at 100-percent-time, was only filled at 50 percent for the period January 18, 1996, through December 31, 1998;
- ? The Coordinator/Counselor position became vacant on December 31, 1998, and was not filled until November 17, 1999, which left the position vacant for 11 months; and
- ? The Coordinator/Counselor position was again vacated on February 29, 2000, and was not refilled until May 1, 2000.

These last three vacancies left a 20-percent-time counselor and a secretary to provide whatever services they could for half of budget year 1999-2000.

Student Support Services also experienced vacancies in key positions, most notably in the position of Title IV Math Specialist, which was vacant from January 15, 1997, through October 1, 1997. As of August 1, 2000, only two of the five key positions that had been approved by the Department remained filled.

ED Should Restrict ICC's Use of Expanded Authority

The unfilled key positions and significant changes in project scope in the 1999-2000 budget period resulted in \$101,844, or 23 percent of the total amount awarded, not being expended as of October 6, 2000. If managed effectively, amounts of unexpended funding such as this could mean the difference between academic failure and success for a large number of students. Because of the problems identified regarding changes in key personnel and project scope, as well as ICC's inability to support that it provided services to the number of project participants that it reported to the Department, we find that ICC should be restricted in its use of the Expanded Authority provisions.

According to Attachment Z of Grants Policy Bulletin #19, issued by the Grants Policy and Oversight Staff, on January 27, 1998,² the discretion provided to grantees under the Expanded Authority provisions may be limited under certain circumstances. One such circumstance is:

... where the ED has designated a grantee as 'high-risk,' or is making an award to a grantee that has historically exhibited great difficulty complying with statutory, regulatory, or administrative requirements. Some of the considerations that [discretionary grant] teams might take into account in making such a determination would include, **but are not limited to**, instances where a grantee:

- ? Has frequent turnover in key personnel and/or the person(s) managing grant projects is (are) not familiar with federal statutes or ED regulations; [or]
- ? Does not have a strong financial management system or a sound knowledge of cost principles and consistently proposes using grant funds for unallowable costs and activities.... [emphasis in the original text]

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education:

- 3.1 Monitor ICC's adherence to the requirement that it obtain Department approval before making changes to the scope, objectives, or key personnel of its TRIO projects.

²Grants Policy and Oversight Staff, Office of the Chief Financial Officer, U.S. Department of Education

3.2 Restrict ICC's use of the Expanded Authority provisions by requiring it to obtain approval from the Department before undertaking any of the following actions with regard to its TRIO projects:

- ? Extending the project period of a grant beyond the project period end date specified in the most recent revision of the Grant Award Notification.
- ? Carrying forward grant funds that the grantee has not obligated in a budget period.
- ? Making cumulative transfers among direct-cost budget categories that exceed 10 percent of the approved budget for an award period.

ICC Response and Auditor Comments

ICC did not agree with our findings. The response states that (1) the coordinator/counselor position was vacant for only three and half months, not 11 months as stated in the draft report, (2) the school has no control over employees who seek improved employment, and (3) a small school can not sit idle while awaiting Departmental approval to fill positions.

The ICC response incorrectly confuses the Director position with the coordinator/counselor position we discussed. The coordinator/counselor position for the Upward Bound program that had been vacated on December 31, 1998, was filled approximately 11 months later, on November 17, 1999.

ICC does not dispute that it has high turnover in its TRIO programs, rather it asserts that it has no control over employees who seek other employment. The response ignores ICC's contributory role in the turnover of its TRIO staff. On January 13, 1999, ICC officials sent a memo to each staff member of the Upward Bound and Student Support Services programs terminating their employment. According to the memorandum the action taken by ICC officials was not the result of "job performance, but to serve student need." The ICC action to terminate the employment of each TRIO staff member does not support ICC's implication that its frequent staff turnover is the result of employees seeking other employment.

We note that ICC submitted its initial request to restructure the personnel positions of both the Upward Bound and Student Support Services programs on February 19, 1999. EDGAR requires grantees to request prior approval for changes in key personnel. ICC submitted its request to restructure its TRIO projects one month after it had already effectively restructured by terminating the employment of each member of the TRIO staff, including key personnel.

Finding No. 4 – Improvements in Management Controls Are Needed

We found that ICC did not always follow its own management controls in the areas of accounting for expenditures, reconciling budgets to actual expenditures, documenting student citizenship, and inventory controls. Internal management controls, when followed, help safeguard assets, ensure the reliability of accounting data, promote efficient operations, and ensure compliance with established policies.

Reconciliation of Budgets to Actual Expenditures Would Improve Project Administration

Grantees are responsible for maintaining accurate records and the overall fiscal management of their federally funded projects. Timely reconciliation of actual expenditures to project budgets would provide an accurate picture of funds available for program improvements.

Our review of ICC's accounting records showed that TRIO officials did not always follow sound fiscal management practices. ICC's grant proposals for these projects stated that the program director would reconcile, on a monthly basis, TRIO expenditures and encumbrances to budget line-item status. We found that ICC officials did not perform these monthly reconciliations. For award years 1997, 1998 and 1999, we found no evidence of any reconciliation of expenditures to budgeted amounts.

Student Citizenship Not Always Documented

In our review of student files, we found that student citizenship was not always documented. To be eligible to participate in a Federal TRIO project, an individual must satisfy a citizenship requirement. In our analysis we found that 30 of 35 Upward Bound student files reviewed from 1999-2000 did not document citizenship. All Student Support Services student files contained adequate documentation of citizenship. Without properly documenting citizenship, ICC may be serving ineligible students.

Inventory Controls Should Be Followed to Safeguard Equipment Purchased with Federal Funds

The TRIO projects did not have any policies or procedures for safeguarding equipment or inventory, or for properly maintaining an accurate account of the equipment. According to 34 CFR §74.34(f), equipment records have to be maintained accurately, a physical inventory must be taken and reconciled with the equipment records at least once every two years, and a control system must be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. School officials were unable to locate eight computers, one laptop, one television and one VCR purchased with Federal Upward Bound funds and four computers, two printers, two monitors, and one CPU, purchased with Federal Student Support Services funds.

ICC did not have policies and procedures for selling equipment or inventory purchased with federal TRIO funds. According to 34 CFR §74.34(f)(6), when grantee institutions are authorized or required to sell equipment, proper sales procedures must be established. The procedures must provide for competition to the extent practicable and result in the highest return. According to information provided by ICC, dated January 13, 2000, it sold five monitors, six keyboards, and four hard drives, purchased with Federal TRIO funds.

Unallowable Cost for Grant Writing

We found that ICC inappropriately paid \$15,215 from its Upward Bound grant funds for writing proposals for Federal grants. This payment is not consistent with OMB Circular A-21, Section J., item 34 *Proposal costs*, which states:

Proposal costs are the costs of preparing bids or proposals on potential federally and non-federally-sponsored agreements or projects, including the development of data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as F&A [Facilities and Administrative] costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable to the current period.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education require ICC to:

- 4.1 Reconcile actual expenditures and revenues to the project budgets on a monthly basis.
- 4.2 Properly document all eligibility elements to ensure students participating in the TRIO projects meet all Federal requirements.
- 4.3 Establish and implement policies and procedures for safeguarding equipment purchased with Federal funds to prevent loss, damage, and theft.
- 4.4 Establish and implement policies and procedures for selling equipment to provide for competition to the extent practicable and result in the highest return.
- 4.5 Refund \$15,215 for unallowable grant writing costs.

ICC Response and Auditor Comments

ICC did not concur with all of our findings and recommendations. The ICC response states that ICC has (1) established procedures for the sales and disposal of all equipment, including equipment purchased with TRIO funds; (2) inventoried Student Support Services equipment as early as January 19, 2000, and that it has inventoried and tagged all Upward Bound equipment; and (3) complied with the requirements regarding the use of consultants. In addition, ICC stated: “[T]here is no evidence that the staff and students experienced any change in the scope of the programs during the time audited or since.” ICC did not comment on our findings that it had not reconciled its TRIO budgets with actual expenditures and had not always documented student citizenship.

The July 31, 2000, response to our draft report states that “[a]ll TRIO equipment determined to be disposable is sold through college sales of all other used equipment advertised to the public.” ICC provided a copy of the “College Procedures” to support its assertion regarding the disposal and sale of equipment. The new College Procedures (2000-2001) identifies procedures for the disposal and sale of equipment, and for maintaining an inventory list. The steps set out in the ICC Control Procedures do not follow Federal guidance on maintaining information for accurate equipment records, conducting a physical inventory and reconciling equipment records every two years, and having a control system in place to safeguard equipment purchased with Federal funds.

ICC stated that an inventory listing is now being maintained. Had ICC conducted a physical inventory and reconciled the equipment records at least once every two years as prescribed by Federal regulations, ICC officials would have been aware that several pieces of equipment were missing from both Student Support Services and the Upward Bound projects.

ICC cited 34 CFR § 75.515 to support the allowability of charging the grant writing costs directly to the TRIO grants. This CFR section relates to the use of consultants, not the treatment of costs as direct or indirect with respect to any particular grant. Grant writing costs are normally treated as indirect costs. As discussed in the finding, OMB Circular A-21 provides that the "...costs of preparing bids or proposals on potential federally and non-federally-sponsored agreements or projects...normally should be treated as F&A [Facilities and Administrative] costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable to the current period." It is not allowable to charge these costs of preparing the proposal directly to the TRIO program.

Background

ICC is a two-year community college located south of Independence, Kansas. Independence, a city of 11,000 population located in southeastern Kansas, is the county seat of Montgomery County. ICC is fully accredited by the Kansas State Department of Education and by the North Central Association of Colleges and Schools. The Director of TRIO programs is responsible to the President of the College for administration of its Federal TRIO projects, which include Student Support Services and Upward Bound.

- ? **Student Support Services** offers first generation, low income or disabled students academic, intervention, financial, counseling, cultural and support services. The Student Support Services project at ICC is known as the Academic Center for Excellence.

- ? **Upward Bound** is an educational program designed to enhance its participants' academic skills so that they can successfully complete high school and enroll in a postsecondary institution. ICC's Upward Bound project is designed to assist area students in achieving the academic skills and personal growth necessary for the successful completion of high school, and for entry into a postsecondary institution. The project supplements a student's high school experience and assists the student not only in academic preparation, but also in career exploration and self-development.

Objectives, Scope and Methodology

The purpose of the audit was to determine whether ICC administered the Federal TRIO projects in accordance with Federal regulations. The periods we covered varied as follows:

- ? Student files for the most recent year, 1999-2000;
- ? Expenditures for the three most recent budget periods, 1997-1998, 1998-1999 and 1999-2000; and
- ? Only for the purpose of determining excess cash, budget periods covering 1993-1994 through 1999-2000 for Student Support Services, and 1995-1996 through 1999-2000 for Upward Bound.

To accomplish our audit objectives we reviewed applicable Federal regulations and files related to ICC at the Department of Education's TRIO program office located in Washington, DC. We conducted interviews with key personnel in each of ICC's TRIO projects (Upward Bound and Student Support Services) and obtained and analyzed documentation related to those projects. We reviewed all student files for services received for the Upward Bound project and reviewed a random sample of student files for the Student Support Services project.

We relied on Department of Education records in determining the amount of Federal funds received by ICC. Further, we assessed the reliability of expenditure data at ICC. Based on our assessments and tests, we concluded that the data used was sufficiently reliable for the purpose of our audit. Our conclusion was based on testing the accuracy of the data by comparing computer data to source records.

We visited the Department's TRIO program office located in Washington, DC on May 18, 2000. We conducted our initial fieldwork at the institution from January 10, 2000, through July 11, 2000. In addition we conducted an exit conference at the institution on October 17, 2000.

We issued State and Local Action Memorandum No. 00-06 on September 29, 2000. As ICC had provided only a minimal level of service to significantly fewer participants than it had been funded to serve and because of other problems identified early on in our audit, we recommended that the Assistant Secretary for Postsecondary Education suspend authorization for ICC to draw down funds from its TRIO grants until the Department verifies, by on-site review, that these

projects are viable. The Department addressed the findings and recommendations in our Action Memorandum in a letter to ICC dated April 19, 2001.

Our audit was conducted in accordance with government auditing standards appropriate to the scope of review described above.

Supplementary Statistical Information

Determining compliance with reporting requirements for each project (Upward Bound and Student Support Services) involved selecting a sample from each project. The sample population for each project was a participant’s list provided by ICC from which we used a simple random sample to select the participants to review. Due to the small sample sizes and the small percentage of participants with documented services, the sample precision varied. The table below provides relevant statistical information related to our samples.

Table of Statistical Information

Program & Award Year	Minimum Required Per Award	Population (Participants List)	Sample Size	Point Estimate ⁽¹⁾	Range for Which We Are 90% Confident That Services Are Documented ⁽²⁾	
					Lower Limit	Upper Limit
Upward Bound						
1999-00	50	35	35 (100%)	33	33 (100% Review)	
Student Support Services						
1999-00	180	180	75	86	71	101

1. Point estimate represents the number of student files we project as containing adequate documentation to support participation in the project.
2. Using the Student Support Services award year as an example, we are 90% confident that 86 student files contained adequate documentation. Using the sampling error, it could be as few as 71 student files but no more than 101 student files that contain adequate documentation to support participation in the project.

Statement on Management Controls

As part of our audit, we assessed the management control structure, policies, procedures, and practices applicable to the scope of our audit at ICC. The purpose of our review was to assess the level of control risk for determining the nature, extent, and timing of substantive tests. For the purpose of this report, we assessed and classified the significant management controls into the following categories:

- ? Participant services
- ? Participant eligibility
- ? Program record maintenance
- ? Fiscal record keeping
- ? Equipment inventory

Because of inherent limitations, a study and evaluation made for the limited purposes described above would not necessarily disclose all material weaknesses in the control structure. However, our assessment disclosed weaknesses at ICC related to the area of compliance with Federal regulations, as well as with ICC's internal policies and procedures. These weaknesses are discussed in the Audit Results section of this report.

Definition of Eligible Services by Program

Upward Bound: 34 CFR §§645.11 and 645.12 describe the type and extent of services that are to be provided to project participants. Participants in an Upward Bound summer component receive services such as academic instruction, tutoring, and career counseling at least five days a week for six weeks. Participants in the academic year component receive such services on a weekly basis. Section 645.11 describes the core curriculum for the Upward Bound project to include instruction in “(1) Mathematics through pre-calculus; (2) Laboratory science; (3) Foreign language; (4) Composition; and (5) Literature.” These projects may also include personal counseling, academic advice and assistance in secondary school course selection, tutorial services, exposure to cultural events, activities designed to acquaint youths with career options, and mentoring projects.

Student Support Services: 34 CFR §646.4 identifies services a project may provide to participants. These services include (1) instruction in subjects necessary for success beyond secondary school; (2) personal counseling; (3) academic advice; (4) tutorial; (5) cultural events; (6) activities designed to acquaint students with career options; (7) activities designed to secure admission and financial assistance; (8) activities designed to assist students currently enrolled in two-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education; and (9) mentoring programs.

Schedule of Upward Bound and Student Support Services Reductions to Grant
Award Amounts and Amounts to be Refunded by Independence Community
College

	1999-2000		Totals
	Upward Bound	Student Support Services	
Award Amount	\$240,377	\$199,734	\$440,111
Amount Received @ October 6, 2000	(\$166,678)	(\$171,589)	(\$338,267)
Amount Not Drawn @ October 6,2000	\$73,699	\$28,145	\$101,844
Number of Participants –Services Supported ³	33	86	-
Number of Participants Proposed & Funded	50	180	-
Number of Participants - Services Not Supported	17	94	-
Percent Not Supported ⁴	34%	52%	-
Pro-Rata Over-Award (Grant Award Reduction)	\$81,728	\$104,306	\$186,034
Recommended Amount to be Refunded by Independence Community College (Pro-Rata Over-Award less Amount Not Drawn @ October 6, 2000)	\$8,029	\$76,161	\$84,190

³ The number of participants for the Upward Bound project for 1999/2000 is the number of participants supported after reviewing all 35 Upward Bound participant files. The number of participants for the Student Support Services project for 1999/2000 is a point estimate, as discussed in the report under Audit Scope and Methodology, Supplementary Statistical Information.

⁴ The Percent Not Supported has been rounded to the nearest whole percent for presentation purposes. The Pro-Rata Over-Award has been calculated using the percent to the nearest one-hundredth of a percent.

Appendix A

Independence Community College Response Draft Audit Report

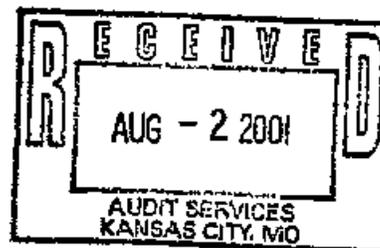
NOTE: Personal identifiers have been removed.

NOTE: ICC provided a large volume of attachments with its response. It is impractical to include this data with each report. These attachments are available upon request.



Independence Community College

Office of the President
July 31, 2001



Mr. William Allen, Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
10220 N. Executive Hills Blvd., Room 200
Kansas City, MO 64153

Dear Mr. Allen,

Independence Community College has reviewed the United States Department of Education Office of Inspector General draft audit report (*Audit of Independence Community College's Administration of its Federal TRIO Projects-ED-OIG/A07-A0006*). Following review of the draft audit report sent June 29, 2001 after a year of Federal Auditors' work, Independence Community College has found a number of discrepancies during the month we were allowed to respond. The discrepancies are significant enough and wide-spread enough for us to request a full review of the audit findings in addition to reconsideration of the specific citations enclosed.

The context in which the Federal Audit occurred included numerous communications with the Federal TRIO Offices with no response to my office except a telephone call from Reginald Williams last summer and the letter enclosed from Secretary Bell received in April, 2001. However, the local newspaper was the recipient of internal Department communication not sent to the College during that time period, compromising the College credibility and the integrity of the Federal Audit. These communications and responses to the specific draft findings follow.

FINDING 1: STUDENT ELIGIBILITY

Student Support Services and Upward Bound have submitted yearly Project Summaries to the Federal Government since their programs' inception. At no time since the 1996-97 funding year has there been any response by the Federal Government that these programs were not operating at the levels they were intended in regard to number of students, documentation of students, or services provided to students.

Each student currently in the Upward Bound Program has a checklist attached to his or her file. As the appropriate information is determined by the federal

grant is obtained in regard to the student's qualifications, it is recorded. See *Attachment A*.

The draft states on page 6 that "since ICC provided only a minimal level of service to significantly fewer participants than it was funded to serve and because of problems identified under the other findings of this report, we asked the Assistant Secretary to Postsecondary Education to suspend authorization for ICC to draw down funds from its TRIO grants until the Department verifies, by on-site review, that these projects are viable". Inaccuracy in the portrayal of Upward Bound students served exists in the draft audit. Copies of several yearly summaries that have been submitted from as far back as 1996 are attached. In those summaries, it is stated that there have been problems securing adequate tutors and it also shows student growth and progress for students that would not have any other way to obtain the academic and social growth. Although the number of students served was lower than anticipated, and the level was not at the level specified, it does not mean that the students that are in the program should be penalized, as the program has made a tremendous difference in their lives. See *Attachment E*.

Page 7 of the draft report refers to sampled Student Support Services files. Student Support Services student files sampled included student files that spanned services in more than one year, skewing the percentage result from the sample, which then was applied to the total population. See *Attachment G*.

FINDING 2: PROJECT SCOPE

The draft report suggests that significant differences in draw down deposits and expenditures exist. However, Attachment I states that the expressed purpose of the auditor examining the bank records did not coincide with the conclusions drawn in the report. Subsequent requests for records from Bank IV, which now is Bank of America, have shown no indication of receipted revenues suggested in the draft report.

FINDING 3: PROJECT SCOPE

The draft report states on page 11 that "the coordinator/counselor position became vacant on December 31, 1998, and was not filled until November 17, 1999, which left the position vacant for 11 months." To the contrary, the longest period of time the position was not filled was for 3 ½ months, following the immediate retirement of Judy Houston due to health reasons. The position could not be advertised until after Ms. Houston's resignation, because there was no prior notice of the resignation. Following a week of preparing the position announcement, advertising the announcement for three weeks, screening the applicants and interviewing the applicants,

which took two weeks , the position was offered to David McCullough. Mr. McCullough gave notice to his employer and process took longer than anticipated. But Mr. McCullough was an outstanding applicant, who was ultimately wooed back to his former position after three months at ICC. Ms. English was hired following the same EEOC recommended search procedures that preceded the selection of Mr. McCullough. Correspondence is attached confirming the attempt to communicate with the Department relative to considered and necessary personnel, with little response, creating an untenable situation on campus for our programs, students and personnel.

The report states that ICC "has frequent turnover in key personnel and/or the person(s) managing grant projects is (are) not familiar with federal statutes or ED regulations." The statement misrepresents the facts. Independence Community College has no control over employees who seek improved employment because of the skills learned in the TRIO program, which has been the circumstance. Employees are always tempted by more enticing environments with the skills attained in our small, rural community at ICC.

FINDING 4: MANAGEMENT CONTROLS

The draft report requests that ICC obtain Department approval before making changes to the scope, objectives, or key personnel of its TRIO projects. ICC made numerous attempts for authorization for changes in key personnel. There were no responses in an adequate time frame and a small college cannot sit idle when personnel are being sought to fill positions. *See Attachment F.*

The report requests procedures for safeguarding equipment purchased with Federal awards. The College has established procedures for disposal and sale of all equipment, including that purchased with TRIO funds. All TRIO equipment determined to be disposable is sold through college sales of all other used equipment advertised to the public. *College Procedures are attached for reference.*

The draft report states on page 15 that "proper and accurately maintained account of equipment" was not kept. Student Support Services provided documentation, attached, of record of equipment status as early as 1/19/2000. All equipment purchased with Upward Bound funds has been inventoried and tagged. *See Attachment B.*

The report requests refund of \$15,215 for allowable grant writing costs.

However, page 49 of the Federal Regulations-34CFR-75.515 states:

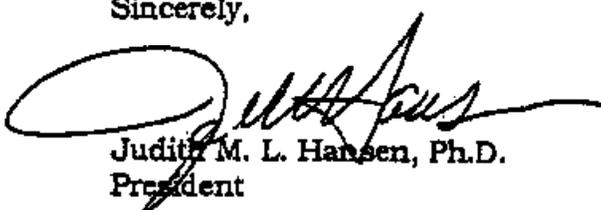
- (a) Subject to Federal statutes and regulations, a grantee shall use its general policies and practices when it hires, uses, and pays a consultant as part of the project staff.
- (b) The grantee may not use its grant to pay a consultant **unless:**
 - (1) There is a need in the project for the service of that consultant and the grantee cannot meet that need by using an employee rather than a consultant.

During the time a consultant was used to assist in writing Upward Bound grant renewal, Ms. Houston was ill and could not complete the grant renewal request. Because of ICC's size, no other employees were available to complete the renewal request and get it submitted by the deadline date, which complies with the above requirements. *See Attachment C.*

This section implies that the scope of the TRIO programs was compromised by any lack of communication with the Department, but indeed, the opposite was true. There is no evidence that the staff and students experienced any change in the scope of the programs during the time audited or since.

The above instances of inconsistency, identified in the month since receipt of the draft audit report, suggest that the report needs reevaluation and the recommendations reviewed. Independence Community College requests full reconsideration of the draft submitted June 29, 2001 for the TRIO Programs at our College.

Sincerely,



Judith M. L. Hansen, Ph.D.
President

JH:bh

Appendix B

Action Memorandum

TRIO Projects at Independence Community College, Kansas-Critical Financial and
Administrative Deficiencies



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE INSPECTOR GENERAL

THE INSPECTOR GENERAL

ACTION MEMORANDUM
STATE AND LOCAL NO. 00-06

SEP 29 2000

TO: Lee Fritschler
Assistant Secretary for Postsecondary Education

FROM: Lorraine Lewis *Lorraine Lewis*

SUBJECT: TRIO Projects at Independence Community College, Kansas—Critical Financial and Administrative Deficiencies

The purpose of this memorandum is to alert you to issues that we identified during our current audit of Independence Community College's (ICC) Student Support Services and Upward Bound projects. During our audit, we found that:

- ICC could not provide expenditure documentation to support the funds it had received for these grants;
- ICC cash drawdown requests were not based on immediate cash needs to pay grant expenditures;
- ICC maintained significant excess cash drawn under the TRIO grants;
- ICC had made changes in key project personnel that were inconsistent with Federal requirements; and
- ICC's TRIO projects were providing only a minimal level of service to significantly fewer participants than it was funded to serve.

We believe that these conditions warrant immediate attention to prevent continuing harm to the Federal interest and to the students these projects were funded to serve. Specifically, we recommend that you suspend ICC's authority to draw down funds from these grants until an on-site review can be performed by your staff in order to verify that these projects are viable. We informed the TRIO program office of these findings and recommendations on September 14, 2000. We have outlined below additional information supporting our recommendations.

ICC Did Not Follow Federal Cash Management Requirements

According to Education Department General Administrative Regulations (EDGAR), *Title 34 of the Code of Federal Regulations (CFR), Sections 75.730(b) and 74.22(b)(2)*, grantees must keep records that fully show how they use grant funds and must limit their drawdowns from grants to amounts needed for "actual, immediate cash requirements." Grantees are reminded of the latter requirement every time they request payment under a grant in that they must certify that funds will be expended within 3 business days of receipt of payment (see the Payment Request Menu of the computerized Grant Administration and Payment System).

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-1510

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

Our audit disclosed that ICC did not maintain expenditure documentation to support the amounts drawn down prior to January 2000 for its Student Support Services and Upward Bound grants. In addition, we found that ICC maintained excess cash from funds received for these grants. We determined the existence of over \$100,000 in excess cash as of July 31, 2000.

ICC Could Not Support Services to TRIO Participants

ICC could not support that services were provided to the number of participants it was funded to serve through its Student Support Services and Upward Bound projects during the 1999-2000 budget year. ICC acknowledged that they had served only 30 of the 50 participants they had agreed to serve in their Upward Bound project. We reviewed all 30 of the participant files for this project and found sufficient documentation to support that services were provided in all but one of them. For Student Support Services, we reviewed a randomly selected sample of 75 student files. Based on this review, we estimate that ICC has documentation sufficient to support participation for 86 of the 180 students the project was funded to serve.

We also found that ICC provided only a minimal level of service to the students who participated in these projects. The approved plan for the Upward Bound project stated that student progress is monitored 10 times throughout the academic year and summer components (4 times each semester and twice in the summer component). In addition, the approved plan states that tutoring is offered twice a week for a possible total of 4 hours to all project participants, and that each student is required to receive a minimum of 1 hour of tutoring each week. However, ICC officials could only document that three students received tutoring during the 1999/2000 academic year. Aside from this tutoring and a field trip for three senior-class participants, the only documented service to Upward Bound participants during that period was one seminar or field trip per month. We believe that changes ICC made in assigning personnel to key positions in the project may have contributed to its inability to provide the level of service that was approved by the U.S. Department of Education (the Department).

Changes In Key Project Personnel Were Not Consistent with Federal Requirements

ICC's grant proposals, as approved by the Department, outlined key personnel positions for implementation and oversight of its TRIO projects. However, the College initiated a restructuring of these positions in budget year 1998-99 and, in all but one case, hired different individuals to fill the positions during the following year. ICC submitted a request for the restructuring to the Department's TRIO officials, but implemented the new structure and hired the new personnel without the Departmental approval required by 34 CFR §74.25(c). Department officials did not approve these changes, which included a change in the director positions for the two projects.

Under the original structure, each project had a 100-percent-time director, as required under program regulations found in 34 CFR §§645.43(b)(1) and 646.32(c)(1). Under the new plan, a single director, at 60-percent-time, was given responsibility for both projects. This new, part-time TRIO director, who lived more than 140 miles from the College, was hired on October 1,

1999. Furthermore, the new part-time director informed us that she was not at the school on a day-to-day basis. She formally resigned her position effective July 31, 2000.

Other changes were made in the personnel of both projects that may have affected their performance. In Upward Bound, for example,

- The Secretary position, which was budgeted and approved at 100-percent-time, was only filled at 50 percent for the period January 18, 1996 through December 31, 1998;
- The Coordinator/Counselor position became vacant on December 31, 1998 and was not filled until November 17, 1999, which left the position vacant for 11 months; and
- The Coordinator/Counselor position was again vacated on February 29, 2000 and was not refilled until May 1, 2000.

These last three vacancies left a 20-percent-time counselor and a secretary to provide whatever services they could for half of budget year 1999-2000.

Student Support Services also experienced vacancies in key positions, most notably in the position of Title IV Math Specialist, which was vacant from January 15, 1997 through October 1, 1997. As of August 1, 2000, only two of the five key positions that had been approved by the Department remained filled.

In addition to the matters outlined above, we are developing findings in the following areas, which we will discuss in our audit report, "Audit of Independence Community College's Administration of Its TRIO Projects":

- Expending grant funds for unallowable costs,
- Failing to safeguard equipment purchased with Federal funds,
- Failing to account for project expenditures in the appropriate budget period, and
- Failing to reconcile project accounts on a routine basis.

Recommendation

We recommend that the Assistant Secretary for Postsecondary Education, consistent with the provisions of 34 CFR §74.62 of EDGAR, suspend authorization for Independence Community College to draw down funds from its TRIO grants until the Department verifies, by on-site review, that these projects are viable.

We have designated you as the primary action official. Please respond within 30 days from the date of this memorandum on what actions, if any, you plan to take. For further information, please contact Bill Allen, Regional Inspector General for Audit, Region VII, at (816) 880-4024.

cc: Claudio R. Prieto, Deputy Assistant Secretary for Higher Education
Robert L. Belle, Director, Higher Education Preparation and Support Service

Appendix C

U.S. Department of Education's Response to Action Memorandum

MEMORANDUM

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

APR 19 2001

TO : Lorraine Lewis
Office of Inspector General

FROM: : Robert L. Belle, Jr. *RLB*
Director
Office of Federal TRIO Programs

SUBJECT : April 11, 2001 letter which incorrectly cited EDGAR 80.12 in reference to the temporary classification of ICC's TRIO Programs. EDGAR 74.14 and 74.62 are the correct citations.

I am responding to the Action Memorandum number 00-06 to Dr. Lee Fritschler concerning program management issues noted during your audit of the TRIO Projects, Upward Bound and Student Support Services, at Independence Community College, Independence, Kansas. As Director, Office of Federal TRIO Programs, I was asked to respond.

We will classify the Upward Bound and Student Support Services Programs at the college to be "High Risk" (EDGAR Sections 74.14 and 74.62), which will require Independence Community College to comply with the following provisions:

1. Placement on monthly cash reimbursement plan for expenditures.
2. Submit monthly expense reports for staff salaries, purchases, travel, and any other expenses related to the TRIO Programs.
3. Require the college to operate the TRIO Programs under the approved/funded proposal and Partnership Agreements.
4. Require the signature of the President of the College or individual identified as the authorizing agent to be on all documents forwarded to the Department.

The College will be required to operate the TRIO Programs under the above conditions until the U.S. Department of Education, Office of Federal TRIO Programs has completed an on-site project review and issued a decision concerning continuation of these projects.

The Office of Federal TRIO Programs looks forward to receiving the final audit report concerning the college. We will use the information in your action letter during our project review and if any other program/funds management issues are noted, we will add these to the overall findings.

If you have any questions or need additional information, please contact Mrs. Peggy Whitehead or Dr. Linda Byrd-Johnson, Team Leaders for the two TRIO programs involved.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

APR 19 2001

Dr. Judith M. L. Hansen
President
Independence Community College
College Avenue and Brookside Drive
Independence, Kansas 67301

RE: April 11, 2001 letter which incorrectly cited EDGAR 80.12 in reference to the temporary classification of ICC's TRIO Programs. EDGAR 74.14 and 74.62 are the correct citations.

Dear Dr. Hansen:

The U.S. Department of Education, Office of the Inspector General has forwarded an interim audit report to my office concerning the administration of the TRIO Student Support Services and Upward Bound Programs at your institution. Their audit indicates there may be some serious problems with project administration and funds management.

As a result of their preliminary findings, the Office of Federal TRIO Programs has determined that the Student Support Services and Upward Bound Programs at Independence Community College are "High Risk" projects (see U.S. Department of Education General Administrative Regulations (EDGAR Sections 74.14 and 74.62) and must now meet certain conditions and requirements until the final audit report is issued and we have completed an on-site review of your programs. The conditions and requirements are as follows:

1. Effective May 1, 2001, the College will be placed on a monthly cash reimbursement plan for all TRIO Projects' expenditures.
2. The College must submit monthly expense reports for staff salaries, purchases, travel, and any other expenses related to the TRIO Projects.
3. The College is required to operate the TRIO Projects (Student Support Services and Upward Bound) under the approved funded proposal and Partnership Agreements.
4. All documents sent to the U.S. Department of Education concerning the TRIO Projects must be signed by the President of the College or the authorizing agent for the College.

Page 2

Following our on-site review of these projects, we will consult with you regarding our findings and the conditions under which these projects may continue. In the near future, Charles Brazil, of my staff, will contact you to establish the dates for the review.

All questions and the monthly expense reports for the Student Support Services Program should be addressed to Ms. Virginia Mason. She can be contacted at (202) 502-7735. For the Upward Bound Program, please address questions and the monthly expense reports to Mr. Charles R. Brazil. He can be contacted at (202) 502-7538.

Sincerely,

- R. Belle

Robert L. Belle, Jr., Ed.D.
Director
Office of Federal TRIO Programs

cc. ✓ Ms. Lorraine Lewis
U.S. Department of Education
Office of the Inspector General
400 Maryland Avenue, SW
Washington DC 20202-1510

Appendix D

Independence Community College Response to Preliminary Audit Results

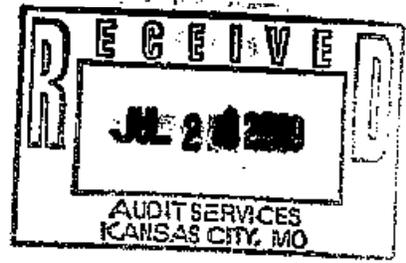
NOTE: Personal identifiers have been removed to protect the privacy rights of students.



Independence Community College

Office of the President

July 20, 2000



Ms. Lisa Robinson
U.S. Department Education/Inspector General's Office
10220 North Executive Hills Blvd., Second Floor
Kansas City, MO 64153-1367

Dear Ms. Robinson,

The following responds to the preliminary report received from you on June 27, 2000, regarding Title IV programs at Independence Community College. Our staff agrees with your findings as of the dates that you audited the student files cited. However, each of the citations have been remediated to achieve Department of Education compliance, per attached documentation.

Please do not hesitate to contact us for clarification of any points.

Sincerely,

Judith M. L. Hansen, Ph.D.
President

- C: Mrs. Dixie Schierman, Dean of Student Services
- Mr. Ray Rothgeb, Dean of Instruction
- Dr. Penny Coggins, TRIO Director

[REDACTED] Entered UB : 04/05/2000

<u>Date of Service</u>	<u>Service</u>
02/14/00	School Site Visit/Learning Styles Inv./UB Needs Survey
03/03/00	School Site Visit
04/03/00	School Site Visit
04/22/00	Saturday Seminar/Compass Test/College Survival Skills
05/08/00	School Site Visit
05/20/00	Saturday Seminar/Social Skills

[REDACTED] resigned on June 6, 2000 from the Upward Bound Program. He was in the second day of Summerfest 2000. Upon his resignation, [REDACTED] was informed that he could reapply to the program. His resignation was his decision and he has been taken off the rolls.

[REDACTED] Entered UB : 12/01/1999

<u>Date of Service</u>	<u>Service</u>
12/09/99	School Site Visit/Assessments
12/11/99	Saturday Seminar/Cultural Assistance
01/05/00	School Site Visit/Assessments
01/15/00	Saturday Seminar/Study Skills
01/24/00	School Site Visit
02/17/00	School Site Visit
03/08/00	School Site Visit
04/06/00	School Site Visit
04/22/00	Saturday Seminar/Compass Test/College Skills
05/08/00	School Site Visit
05/20/00	Saturday Seminar/Summer Orientation/Social Skills
06/05/00-Present	Summer Program

[REDACTED] Entered UB: 02/01/2000

<u>Date of Service</u>	<u>Service</u>
02/11/00	School Site Visit/Assessments
02/15/00	School Site Visit
02/19/00	Saturday Seminar/Campus Tour
03/20/00	School Site Visit
04/18/00	School Site Visit
04/22/00	Saturday Seminar/Compass Test/College Survival Skills
05/08/00	School Site Visit
05/20/00	Saturday Seminar/Summer Orientation/Social Skills
06/05/00-Present	Summer Program

[REDACTED] Entered UB: 02/01/2000

<u>Date of Service</u>	<u>Service</u>
02/11/00	School Site Visit/Assessments
02/15/00	School Site Visit/Assessments
02/19/00	Saturday Seminar/Campus Tour
03/20/00	School Site Visit
06/05/00-Present	Summer Program

[REDACTED] Entered UB: 03/17/2000

<u>Date of Service</u>	<u>Service</u>
04/06/00	School Site Visit
04/22/00	Saturday Seminar/Compass Test/College Survival Skills
05/08/00	School Site Visit
05/20/00	Saturday Seminar/Summer Orientation/Social Skills
06/05/00-Present	Summer Program

***Summer Program Services**

Instruction in Core classes (Science, Math, English, Spanish), Elective classes (Drama, Art, Calligraphy, Sign Language, History, Leadership), Wellness, Community Service, and various activities in the evening to provide opportunities to enhance cultural and social skills.

Student's Name [REDACTED]

S. S. Number [REDACTED]

Non Active

Current Year: 1999-2000

Grade: 10th grade

Year	1999						
Grade	10						
Grade Point Average (G.P.A.)							
English/ Proficiency							
Reading							
Writing							
Study Skills							
Mathematics							
Upward Bound Saturday Seminar	Yes						
Scholarship Information							
Financial Aid Counseling							
Personal Counseling							
Computer Aided Instructions							
Tutorial Assistance							
Cultural Assistance							
Career Planning							
College Tours							
Admission & Financial Aid Information							
ACT Preparation							
ACT Registration							
School Visit	Yes						
College Survival Skill	Yes						
Academic Counseling							
Goal Setting							
Social Skills	Yes						
Test Taking Skills							
Tenn Self-Concept Assessment							
Library Skills							
Research Skills							
Interest Inventory Assessment							
Self-Esteem							
Critical Thinking							
Decision Making							

Student's Name [REDACTED]

S. S. Number: [REDACTED]

Active

Current Year: 1999-2000

Grade: 11th grade

Year	1999						
Grade	11						
Grade Point Average (G.P.A.)							
English/ Proficiency	Yes						
Reading	Yes						
Writing	Yes						
Study Skills	Yes						
Mathematics	Yes						
Upward Bound Saturday Seminar	Yes						
Scholarship Information							
Financial Aid Counseling							
Personal Counseling							
Computer Aided Instructions							
Tutorial Assistance							
Cultural Assistance	Yes						
Career Planning							
College Tours							
Admission & Financial Aid Information							
ACT Preparation							
ACT Registration							
School Visit	Yes						
College Survival Skill	Yes						
Academic Counseling							
Goal Setting							
Social Skills	Yes						
Test Taking Skills							
Tenn Self-Concept Assessment	Yes						
Library Skills							
Research Skills							
Interest Inventory Assessment							
Self-Esteem							
Critical Thinking							
Decision Making							

Student's Name [REDACTED]

S. S. Number: [REDACTED]

Active

Current Year: 1999-2000

Grade: 11th grade

Year	1999						
Grade	11						
Grade Point Average (G.P.A.)							
English/ Proficiency	Yes						
Reading	Yes						
Writing	Yes						
Study Skills							
Mathematics	Yes						
Upward Bound Saturday Seminar	Yes						
Scholarship Information							
Financial Aid Counseling							
Personal Counseling							
Computer Aided Instructions							
Tutorial Assistance							
Cultural Assistance	Yes						
Career Planning							
College Tours	Yes						
Admission & Financial Aid Information							
ACT Preparation							
ACT Registration							
School Visit	Yes						
College Survival Skill	Yes						
Academic Counseling							
Goal Setting							
Social Skills	Yes						
Test Taking Skills							
Tenn Self-Concept Assessment							
Library Skills							
Research Skills							
Interest Inventory Assessment							
Self-Esteem							
Critical Thinking							
Decision Making							

Student's Name [REDACTED]

S. S. Number: [REDACTED]

Current Year: 1999-2000

Active

Grade: 10th grade

Year	1999							
Grade	10							
Grade Point Average (G.P.A.)								
English/ Proficiency	Yes							
Reading	Yes							
Writing	Yes							
Study Skills								
Mathematics	Yes							
Upward Bound Saturday Seminar	Yes							
Scholarship Information								
Financial Aid Counseling								
Personal Counseling								
Computer Aided Instructions								
Tutorial Assistance								
Cultural Assistance	Yes							
Career Planning								
College Tours	Yes							
Admission & Financial Aid Information								
ACT Preparation								
ACT Registration								
School Visit	Yes							
College Survival Skill								
Academic Counseling								
Goal Setting								
Social Skills								
Test Taking Skills								
Tenn Self-Concept Assessment								
Library Skills								
Research Skills								
Interest Inventory Assessment								
Self-Esteem								
Critical Thinking								
Decision Making								

Student's Name

S. S. Number:

Current Year:

1999-2000

Active

Grade: 10th grade

Year	1999						
Grade	10						
Grade Point Average (G.P.A.)							
English/ Proficiency	Yes						
Reading	Yes						
Writing	Yes						
Study Skills							
Mathematics	Yes						
Upward Bound Saturday Seminar	Yes						
Scholarship Information							
Financial Aid Counseling							
Personal Counseling							
Computer Aided Instructions							
Tutorial Assistance							
Cultural Assistance	Yes						
Career Planning							
College Tours							
Admission & Financial Aid Information							
ACT Preparation							
ACT Registration							
School Visit	Yes						
College Survival Skill	Yes						
Academic Counseling							
Goal Setting							
Social Skills	Yes						
Test Taking Skills							
Tenn Self-Concept Assessment							
Library Skills							
Research Skills							
Interest Inventory Assessment							
Self-Esteem							
Critical Thinking							
Decision Making							

June 29, 2000

Response to preliminary audit report regarding SSS (ACE) student files.
 LI = low income; FG = first generation; D = disabled

Student Name	Student ID	Comments	Challenge Report
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/27/99 Math Tutoring 11/02/99 Academic Advising 04/26/00 Graduated 5/00 	Yes
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 8/25/97 10/02/97 staff spoke with student and arranged for meeting with Math Specialist 10/28/97 staff spoke with student regarding attendance problems 3/12/98 staff contacted student for counseling Staff performed Degree Checks for student in 1998 10/21/99 student met with staff in ACE center Staff attempted contact 4/19/00 with no response from student Student graduated 5/00 	Yes -- student was in system and graduated in May, 2000. Student must now be removed from active list and tracked for program purposes.
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/27/99 Staff attempted contact 4/24/00 No response from student Entered system 08/27/99 Staff attempt to contact 3/00 and 4/00, no response from student Entered system 9/13/99 LASSI 1/19/00 Advisement and semester plan (IEP) for success 1/19/00 	No -- student must be removed from system
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/27/99 Staff attempt to contact 3/00 and 4/00, no response from student Entered system 9/13/99 LASSI 1/19/00 Advisement and semester plan (IEP) for success 1/19/00 	No -- student must be removed from active list
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 9/13/99 LASSI 1/19/00 Advisement and semester plan (IEP) for success 1/19/00 	Yes -- student did receive services

[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/20/99 Verified I I at entry based on financial aid confirmation Tulored 9/22/99, 10/22/99 and 10/23/99 Graduated 5/00 	<p>Yes - I I status was again documented on 5/30/00 from financial aid</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/20/99 Staff attempted contact, no response 	<p>No - student must be removed from participant list</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 09/24/99 COMPASS 08/06/99 Student did not respond to staff contacts 	<p>No - services not provided, student must be removed from participant roles</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Enter system 09/04/98 LASSI 09/04/98 Graduated 5/00 	<p>No - services not provided</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered 1/08/99 Academic advising 1/04/99 and 1/08/99 	<p>Yes - student received academic advisement twice</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/10/98 No services provided Graduated 5/00 	<p>NO</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered 09/15/98 No response to staff communication Graduated 5/00 	<p>NO</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered 08/27/99 NAFTA student Staff removed student from active participant list 1/2000 	<p>Yes - student is not on current list of students, was removed from active file in January 2000.</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/21/99 No response to staff contact attempts 	<p>NO</p>

[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 11/09/99 FG reported by student Student has Masters Degree 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Student file missing although records in database suggest eligibility and services provided 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered 10/20/99 Dropped from system 1/2000 	Yes -- student is no longer counted
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered 10/20/99 No services 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 09/02/98 No services 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/27/99 COMPASS 10/04/99 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 6/7/99 No services 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 06/30/99 COMPASS 08/27/99 	Yes -- student is no longer counted as an active participant
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/20/99 NAFTA student COMPASS 1/3/00 Student dropped for inactivity 	Yes -- student is no longer on active participant list
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/26/99 NO services 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/28/99 No services Student was dropped from active participant list 	Yes -- student no longer counted as active participant
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/27/98 No services provided Student did not respond to staff attempts to contact 	NO

[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 11/22/99 LASSI 11/17/99 IEP 11/17/99 	Yes - student received services within last year
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/26/97 Main tutoring 08/27/97, 08/28/97, 09/02/97 Entered system 08/28/98 Documented LI by Financial Aid 1/7/00 Documented disabled (brittle diabetes since 11 years of age)---file contains letter from guardian/grandmother 	Yes - student is eligible for the program
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/27/98 Tutoring 4/6/99 Graduated 5/00 	NO -- student received minimal services
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 02/02/98 LASSI 02/02/98 IEP 02/02/98 Math tutoring 1/29/99 Academic Advising 2/02/98 Graduated 5/00 	Yes - student did receive services
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 07/02/97 COMPASS 07/02/97 IEP 11/05/97 Plan of Action and LASSI 08/01/97 Student was "no show" for tutoring appointments (no dates of service noted) 	Yes --services provided
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/27/99 No services provided 	NO

[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/22/98 Assisted with documenting IJD status 10/13/98 Student counseled for non-attendance 02/24/99 Several contacts in 1998 Dropped for non-participation 1/00 	Yes - student no longer counted as participant
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 11/16/99 Plan of Action and LASSIE 11/16/99 Student self-reported a disability 	Yes - disabled students are eligible for the program
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/12/98 COMPASS 08/07/98 IHP 09/21/98 LASSI 09/22/98 Academic advising 08/07/98 Student did not respond to staff communications 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 09/02/98 09/04/98 LASSI Student no longer in system 	Yes - student is no longer counted as an active participant
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/28/99 IHP and LASSI 10/28/99 Student did not respond to staff communications 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 10/20/99 Student did not respond to staff communication 	NO
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> Entered system 08/25/99 09/01/99 came to lab to use computers Program notified student is on academic suspension effective Spring 2000 	NO

[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> • Entered 08/27/99 • Student withdrew from classes at end of Fall 1999 semester 	<p>Yes -- student is no longer counted as an active participant</p>
[REDACTED]	[REDACTED]	<ul style="list-style-type: none"> • Entered 10/20/99 • Student received math tutoring several hours throughout 09/20/99 to 4/26/00 (documented sign in sheets) • Semester plan for success 1/06/00 	<p>Yes -- student was provided services</p>